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## WILL THE PRESENT UPWARD TREND OF WORLD PRICES CONTINUE?

The whole civilized world is now eager to know whether in the future the high cost of living is to advance further, recede, or remain stationary. Opinions are plentiful but data supporting them are few. Even the best forecasts I have seen appear to be based on a very incomplete comprehension of the problem. Many conceive it as a problem of ordinary supply and demand and discuss the *general price level* as they would discuss the *price* of wheat or any other commodity, overlooking the fact that the causes affecting price levels are as distinct from those affecting an individual price as the causes affecting the tides are distinct from those affecting an individual wave.

The problem of the cost of living is primarily a problem of the general level of prices, although it is also partly a problem of special prices. If the phrase "cost of living" were used to refer to the general level of all prices the problem would be purely of the former type and not at all of the latter. But this phrase is usually taken as referring only to special groups of commodities, mostly foods, and only for the retail prices of these commodities. The general level of prices, on the other hand, means the level of *all* prices, whether retail, wholesale, jobbing, factory or farm prices, and of all commodities, whether of food, raw material, machinery, land, stocks, bonds, or any other goods whatsoever which are bought and sold. Now, the "cost of living" will go up and down with the general level of prices and at the same time fluctuate from special causes of its own, just as a buoy in the ocean goes up and down not only with the tides but also with the waves.

The statistics of the past indicate that the recent rise in the cost of living has been for the most part due to the general rise in prices of all kinds, and only to a small extent, if at all, to special causes applying to the retail price of foods. In what follows we shall discuss only the causes affecting the general level of prices.

Those who choose to apply the results to the retail prices of food and other "living" should take account also of the minor and special causes pertaining to these particular prices.

If I am correct in my philosophy of price levels (as stated in my book, *The Purchasing Power of Money*) the general level of prices in the world is determined by the other five magnitudes which are joined with it in "the equation of exchange."<sup>1</sup> No other considerations whatever are relevant—trusts, tariffs, trade unions, shorter hours, limitation of output of labor, exhaustion of the soil, concentration of population in cities, middlemen, advertising, overcapitalization, restrictive legislation, cold storage, pure food legislation, sanitary legislation, food adulteration, the "individual package," extravagance, world armaments, wars, old-age pensions, unemployment, etc.—except so far as these factors affect one or more of the five factors in the equation of exchange which alone can act on the general level of prices. All the causes above enumerated and many more may, of course, affect the price level by affecting these five factors, but not otherwise.

The proper mode of procedure is therefore to make a forecast as to these five factors. Thus far only one of them, the volume of money in circulation, has received much attention, and even the discussion of this factor has not proceeded along the lines proper for a correct forecast. For instance, it is often taken for granted that as soon as the gold production begins to subside the price level will begin to subside also. This is a gross error. The price level does not depend directly on the *rate* of gold production but on the *stock* of gold and other money. The question is not one of an increasing or decreasing annual production of gold. The inflowing stream of gold is of significance only as it affects the contents of the reservoir into which it flows. A lake does not cease rising the instant the freshet filling it reaches its maximum flow. The lake will still continue to rise *so long as the inflow continues greater than the outflow*. This is often long after the inflow has passed its maximum.

<sup>1</sup> For full explanations see *The Purchasing Power of Money* and "The Equation of Exchange [in the United States] for 1911," in this journal, June, 1912. The equation is  $MV + M'V' = PT$  in which the letters have the significance indicated at the top of the diagram in this article. In brief *M* is money in circulation; *V*, its velocity; *M'*, deposits subject to check; *V'*, their activity; *P*, the price level; and *T*, the volume of trade. For reasons given in *The Purchasing Power of Money*, *P* is to be considered the effect of *M*, *M'*, *V*, *V'*, and *T*.

The problem, then, is to forecast the future world stock of money. But it is more than this. Even if we forecast the world's stock of money, we must still take account of the other four price-influencing factors in the equation of exchange. In particular we must not forget the increasing use of deposit currency by means of checks. This factor, which is certain to play an increasingly important rôle in future price movements, has been almost wholly neglected in the discussions of this subject.

The problem of forecasting future price levels is, then, nothing more or less than the problem of forecasting the five factors which fix price levels, viz.,  $M$ ,  $M'$ ,  $V$ ,  $V'$  and  $T$ . In the article "The Equation of Exchange for 1911 and Forecast" in the June number of this Journal, the statistics of these magnitudes for the United States were given for the years 1896 to 1911 inclusive. The figures for 1896 and 1911 are reproduced. I have added the percentage rates of growth per annum between these dates.

MAGNITUDES IN THE EQUATION OF EXCHANGE AND THEIR RATES OF GROWTH PER ANNUM (FOR THE UNITED STATES).

	Money <sup>1</sup>	Deposits <sup>1</sup>	Velocity <sup>2</sup> (m'n'y)	Velocity <sup>2</sup> (deposits)	Price level <sup>3</sup>	Volume of trade <sup>4</sup>	Money expenditure <sup>5</sup>	Check expenditure <sup>5</sup>	Total expenditure <sup>5</sup>
	$M$	$M'$	$V$	$V'$	$P$	$T$	$MV$	$M'V'$	$MV + M'V' \text{ \& } PT$
Absolute figures for 1896	0.88	2.71	18.8	36.6	60.3	191	.6	99	115
Absolute figures for 1911	1.64	7.78	20.9	49.9	102.2	413	34	388	422
Percentage rate of growth per annum, 1896-1911	4.2	7.3	0.7	2.0	3.5	5.3	5.20	9.5	9.1

<sup>1</sup> Measured in billions of dollars.

<sup>2</sup> Number of times turned over per year.

<sup>3</sup> As a percentage of the price level of 1909.

<sup>4</sup> Measured in units each worth \$1 in 1909.

<sup>5</sup> Measured in billions of dollars. This column includes not only "total expenditures" ( $MV + M'V'$ ) but also its equal, "total value of goods purchased" ( $PT$ ).

We see that the deposits subject to check have increased with great rapidity (7.3 per cent per annum) and that the use of these deposits by checks increased still more rapidly (9.5 per cent). Both far outstripped trade which increased at 5.3 per cent, although trade outstripped money which increased at 4.2 per cent.

In the above mentioned article it was emphasized that we could not fully understand the causes influencing the price level of the United States without considering the conditions in other nations. Problems of money and prices are peculiarly international in their nature and no trustworthy forecast can be made without taking account of world conditions.

Unfortunately, as yet we have no data approaching in completeness those for the United States, by which we can estimate even by very rough approximations the six magnitudes ( $M$ ,  $M'$ ,  $V$ ,  $V'$ ,  $P$ ,  $T$ ) for the world as a whole. By "the world" is here meant the gold standard world.<sup>2</sup> Rough estimates (about 11 or 12 billions) have been made for the total money in the (gold standard) world, and a rougher estimate (about 15 billions) could be made for deposits subject to check. As to the other magnitudes in the equation, however, we have no clue except the calculations above given for the United States.

But, instead of attempting to estimate the *absolute* values of the six magnitudes in the equation of exchange, we may estimate approximately the percentage rates at which these magnitudes are increasing. Even this estimate will necessarily be rough, but there are so many fragmentary indications or straws which show which way the wind is blowing that the results have, I believe, some value. If the present plan for an International Conference on the Cost of Living should be adopted, one of the most important results would presumably be a completer investigation than is now possible and, in consequence, an exacter estimate of these rates of increase. Possibly it is not too much to hope that we might then be able to ascertain even the absolute values of the magnitudes in the equation of exchange for certain leading nations.

The following<sup>3</sup> statistics show the estimated percentage *rates*

<sup>2</sup> This now includes practically the whole money-using and bank-using world except China.

<sup>3</sup> This table and the other tables which follow in this article are based on data between 1896 and 1911 as available. The data were derived as follows:  $M$ . The rates of increase of the quantity of money in circulation are calculated as the rates of increase of the total quantities of money in the various countries (including bank reserves and government accumulations). They are taken from the Comptroller's Reports for 1897, 1904, and 1911. Forty-six countries are included.

$M'$ . The rates are calculated from "individual deposits" in the United States and corresponding foreign deposits, so far as fragmentary data permit. The data are from the United States Comptroller's Reports, Conrad's *Hand-*

of increase in recent years of the six magnitudes in the equation of exchange for the four foreign countries of chief interest to the United States, together with certain derivative magnitudes. As the figures can be only rough estimates, they are not given nearer than to the nearest half of one per cent.

Country	Recent Percentage Rates of Growth per annum of:									
	Money	Deposits	Velocity of money	Activity of deposits	Price level	Volume of trade	Money ex- penditures	Check ex- penditures	Total ex- penditures	Total value of goods bought
	$M$	$M'$	$V$	$V'$	$P$	$T$	$MV$	$M'V'$	$MV+M'V'$	$PT$
Canada	9	12	$\frac{1}{2}$	-1	2	7	9%	11	11	9
Great Britain	$\frac{1}{2}$	3%	0	1%	1%	8+	$\frac{1}{2}$	5	4%	4%
Germany	2%	18	0	-6%	2%	6	2%	5%	5	8%
France	1	7	0	4	2	3	1	11	5-8	5

The chief errors or discrepancies in this table are doubtless those in the rates found for  $V'$ . The reason is that these rates are derived indirectly, by subtracting the rate of increase of  $M'$ , from the

*wörterbuch der Staatswissenschaften*, Mulhall's *New Dictionary of Statistics* (edited by Webb), and *The Encyclopedia Britannica*. Deposits include more or less complete statistics for the United States, Canada, Great Britain, Australia, Germany, France, Austro-Hungarian Bank, Holland, Denmark, Norway, Mexico, Sweden, Switzerland, Russia, Japan, India.

$V$ . Rates here are guesses based on the fact that the previous calculations for the United States show a rate of increase of 0.7 per cent. It is assumed that this rate—slightly over  $\frac{1}{2}$  per cent—applies to Canada and, to be conservative, that in all other countries it is negligible. Later we shall give reasons for believing that the velocity of circulation is really increasing although we have no means of knowing at what rate.

$M'V'$ . The percentage rate of increase of  $M'V'$  (the total check expenditure) is assumed to be equal to the percentage rate of increase of bank clearings. The statistics of bank clearings are taken from the same sources as those of deposits. The clearings used for "France" are only those for Paris. Statistics of clearings for "English Speaking" nations include the United States, Canada, England (London and four other principal towns), and Australia (Sydney, 7 per cent and Melbourne, 5 per cent). The statistics of clearings for "Continental Europe and Japan" include the clearings for Italy (11 per cent) and Austria (15 per cent, comprising Brünn, Prague, Budapest and Vienna).

$V'$ . This is calculated as the excess of the percentage increase in  $M'V'$  over that in  $M'$ .

rate of increase of  $M'V'$ ; when opposite errors occur in these two magnitudes ( $M'$  and  $M'V'$ ) the consequence is a cumulative error in  $V'$  which may become either too large or too small. The results, therefore, for  $V'$  are believed to have practically no value. Most of the other figures are probably approximately correct. We see that the money in circulation is increasing with great rapidity in Canada (9 per cent per annum) and only slightly in the other countries in the table, that deposits subject to check are increasing with greatest rapidity in Canada and Germany and least in Great Britain, that the volume of trade is increasing twice as fast in Canada and Germany as in Great Britain and France, and that the price level is increasing about 2 per cent per annum in all countries.

$MV + M'V'$ . The method of averaging the rates of increase of  $MV$  and  $M'V'$  so as to get the rate of increase of  $MV + M'V'$  has been to weight them by using the estimated relative volumes of deposits and of money in circulation, and remembering that the deposits (judging from the United States) have at least twice the velocity of circulation of the money.

P. Price statistics include not only those separately given in the tables but also Belgium ( $1\frac{1}{2}$  per cent), Italy ( $1\frac{1}{2}$  per cent), India ( $2\frac{1}{2}$  per cent), Holland ( $1\frac{1}{2}$  per cent). The sources of the statistics of prices are the *United States Bulletin of the Bureau of Labor*, *Wholesale Prices in Canada*, *Journal of the Royal Statistical Society*, *Bulletin de la Statistique Générale de la France*, and *La Curva dei Prezzi Delle Merci in Italia, Negli Anni 1881-1909*.

T. The estimate for the rate of increase in the volume of trade is of course a very rough one, although it has involved more labor than those for all the other five magnitudes put together. It is found by averaging the rates of increase in railroad tons carried, railroad gross receipts, post office letters carried, post office gross receipts, imports and exports (corrected for rate of change in price level, simply by deducting 2 per cent, so as to refer to quantities rather than values), and shipping tonnage (entered and cleared with cargoes). These figures are based on data from the sources above mentioned. The statistics for the number of letters are for the following countries only: United States ( $7\frac{1}{2}$  per cent), Great Britain (3 per cent), Germany (6 per cent), France ( $2\frac{1}{2}$  per cent), Austria ( $4\frac{1}{2}$  per cent) and Hungary ( $4\frac{1}{2}$  per cent). The statistics for exports and imports include those for the United States (3 per cent), Canada (5 per cent), Great Britain (3 per cent), Germany (6 per cent), France (5 per cent), Austria-Hungary (2 per cent), Italy ( $4\frac{1}{2}$  per cent), Russia ( $\frac{1}{2}$  per cent), Holland ( $2\frac{1}{2}$  per cent), Belgium ( $3\frac{1}{2}$  per cent), Japan ( $6\frac{1}{2}$  per cent). The shipping tonnage of "other" countries in the next following table includes only Australia, British India and Uruguay. In the case of shipping tonnage under the head of "Continental Europe and Japan" the figures for Japan are lacking.

*It will be seen that the figures roughly check each other but that there are some discrepancies. The percentage rates of growth of the two sides of the equation of exchange ought to be exactly equal. This is true of Great Britain where both  $MV + M'V'$  and  $PT$  are found to be increasing at the rate of  $4\frac{1}{2}$  per cent per annum. For Canada  $MV + M'V'$  is found to be increasing at the rate of 11 per cent and  $PT$ , only 9 per cent. For Germany the rates disagree more, being 5 per cent and  $8\frac{1}{2}$  per cent. For France the rate of increase of  $MV + M'V'$  cannot be definitely determined. It is an average of 1 per cent for  $MV$  and 11 per cent for  $M'V'$  and therefore lies between 1 per cent and 11 per cent, but we have no exact knowledge of the relative importance of  $MV$  and  $M'V'$ .*

The table shows that deposits are increasing far more rapidly than money. This fact is of great significance, especially in reference to the future trend of prices.

The volume of trade is increasing at rates *less in all cases than deposits*. This is true of the four particular countries in the preceding table, as well as in the United States cited in the former table, and in the various parts of the world given in the table which follows. In all eight instances (United States, Canada, Great Britain, Germany, France, "English Speaking," "Continental Europe and Japan" and "Other Countries") trade ( $T$ ) is growing more slowly—usually much more slowly—than the use of checks ( $M'V'$ ). In all cases except Canada it ( $T$ ) is growing faster than money ( $M$ ) or than the circulation of money ( $MV$ ); but in all cases it is growing *more slowly* than the total use of circulating media ( $MV + M'V'$ ).<sup>4</sup>

In the following table<sup>5</sup> the whole gold-standard world is included, grouped into three great divisions selected because of differences in the relative use of checks and money. The first group, including "English speaking countries" (United States, Canada, Great Britain and Australia), makes a very extensive use of

<sup>4</sup>This is true unless we except the *uncorrected* figures for Germany, "Continental Europe and Japan" and "Other Countries" for all of which categories the figures fail to check each other up. When these figures are corrected to become mutually consistent, the rates of increase of  $T$  are found to be less than of  $MV + M'V'$  precisely as in the other cases. For the world as a whole the volume of trade has certainly increased less rapidly than the use of circulating media.

<sup>5</sup>The method of constructing this table is explained in the preceding footnote.



checks. The second, comprising "Continental Europe and Japan," has begun the use of checks, but is still far behind English speaking countries, while the third, "Other Countries" (principally India) makes as yet almost no use of checks. The first three columns, showing the money in the countries and the bank deposits, bring out the contrast at a glance.

Countries	Money in country <sup>1</sup>	Bank deposits <sup>2</sup>	Relative deposits $M'/M$	Recent Percentage Rates of Growth, per annum of:								Total ex-penditures $MV+M'V'$	Total values bought $PT$
				Money	Deposits	Velocity of money	Activity of deposits	Price level	Volume of trade	Money ex-penditures	Check ex-penditures		
				$M$	$M'$	$V$	$V'$	$P$	$T$	$MV$	$M'V'$		
				$M$	$M'$	$V$	$V'$	$P$	$T$	$MV$	$M'V'$		
English Speaking	4.8	28.0	5.4	3.5	8	$\frac{1}{2}$	0	$2\frac{1}{2}$	5	4	8	$7\frac{1}{2}$	$7\frac{1}{2}$
Continental Europe and Japan	6.2	2.9	.5	2	8	0	1	2	6	2	9	4-6	8
Other countries	1.7	3	.2	$\frac{1}{2}$	$9\frac{1}{2}$	0	0	2	8	$\frac{1}{2}$	$9\frac{1}{2}$ <sup>3</sup>	1-3	10
All gold standard countries	14.7	29.2	2.0	$2\frac{1}{2}$	8	$\frac{1}{2}$	0	2	$5\frac{1}{2}$	3	8	7	$7\frac{1}{2}$

<sup>1</sup> In billions of dollars.

<sup>2</sup> Incomplete; in billions of dollars.

<sup>3</sup> In the absence of data for clearings, the rate of growth of  $M'V'$  is taken as equal to the percentage growth of deposits.

It will be noticed that the figures for "All gold standard countries" mutually verify each other, that is, the relative rate of increase of the left side of the equation (7 per cent) is approximately equal to the rate of increase on the right side ( $7\frac{1}{2}$  per cent). In the case of English speaking countries the agreement between the two sides of the equation is perfect, each showing a rate of increase of  $7\frac{1}{2}$  per cent. In the other two items in the table, however, there is a wide discrepancy between the two sides of the table. The results (for "Continental Europe and Japan") would seem to show a rate of increase in the left side of the equation of from 4 per cent to 6 per cent per annum and in the right side of 8 per cent. The discrepancy of "Other Countries" is still greater, the left side showing an increase of only from 1 per cent to 3 per cent per annum, while the right side shows an increase of 10 per cent. I have no doubt that these discrepancies are due almost entirely to errors in  $T$ . As explained in the footnote to the first table, the rates of increase of  $T$  are taken as an

average of the rates of increase of railroad tons carried, railroad gross receipts, post-office gross receipts, imports and exports (quantities) and shipping tonnage. These items naturally show a great rate of increase in countries where the railway, the post office and the steamship have not been in use long enough to have approached as yet their full development. Like most young organisms they grow especially fast and consequently are not good indications of *T*. The growth of the railroads is not a good indication of the volume of trade for countries like India, though it may be a fairly good index for the volume of trade for the United States, Great Britain and Europe. In countries where these inventions are now being introduced the rate of growth represents chiefly the development of these particular inventions, and not simply the growth of business in general, while in the countries where the railroad, post office and steamship have already reached nearly their full development or maturity, their growth depends chiefly on the growth of business in general. In view of this consideration, the fact that the figures for the rates of growth of the volume of trade (*T*) are greater in "Continental Europe and Japan" than in "English Speaking Countries" and are still greater for "Other Countries" casts no discredit on the other figures of the table.

The figures for the United States which are included in the last table were worked out by the same rough method as for the other countries. The results in general agree fairly well with those obtained by the more exact method employed in the June article and summarized in the beginning of this article. This agreement increases our confidence in the other figures in the table.<sup>6</sup> The agreement is especially satisfactory for the chief magnitudes *MV*, *M'V'*, and *PT*.

<sup>6</sup>The full comparison of the figures for the United States calculated by the "rough" and "exact" methods is as follows in percentages:

	M	M'	V	V'		T	MV	M'V'	MV+M'V'	PT	$\frac{M'}{M}$
Rough	4%	10	$\frac{1}{2}$	-2	2%	6%	5	8	7%	9	5
Exact	4.2	7.3	0.7	2.0	3.5	5.3	5.0	9.5	9.1	9.1	2.8

The worst discrepancy is in *V'* the rate for which by the rough method shows a negative result. The latter is clearly an error and is probably due, in accordance with previous explanations, to the cumulative effect of two errors, one in the "rough" rate for *M'V'* (8 per cent) which is too small, and the other in the "rough" rate (10 per cent) for *M'*, which is too large.

If, now, the "exact" figures for the United States be substituted for the "rough" figures, the results for "English Speaking" and for "All gold standard countries" will become slightly changed. The changes which will thus be produced in the figures for "All gold standard countries" will be seen in the second line of the following table. The first line repeats the original calculations given above, while the third line gives the final estimates obtained by making arbitrary mutual adjustment.<sup>7</sup> No figure for any of the primary magnitudes,  $M$ ,  $M'$ ,  $V$ ,  $V'$ ,  $P$ ,  $T$ , has been altered by more than one half per cent.

THREE APPROXIMATIONS FOR PERCENTAGES, "ALL GOLD STANDARD COUNTRIES."

	$M$	$M'$	$V$	$V'$	$P$	$T$	$MV$	$M'V'$	$\frac{M}{V} + \frac{M'}{V'}$	$PT$	$\frac{M'}{M}$
Original calculation	2½	8	½	0	2	5½	8	8	7	7½	5½
Revised by "United States exact"	2½	7	½	2	2½	5	8	9	8	7½	4½
Finally adjusted	2½	6½	½	1½	2½	3½	3	8	7	7	4

The last line contains the final conclusions as to the growth of those world conditions directly affecting the price level. We see that world prices have been rising about 2½ per cent per annum; and that this is due to the fact that the total circulation of money and checks ( $MV + M'V'$ ) grew 2½ per cent faster than the

<sup>7</sup>In making these adjustments I have exercised my own discretion and taken account of other considerations besides merely making both sides agree. In particular, I have adjusted  $T$  downward because, as already indicated, the  $T$  rates are in general exaggerated.

In the United States the volume of trade ( $T$ ) is increasing at the rate of 5.3 per cent per annum; and since our population is increasing at the rate of 1½ per cent per annum, the increase *per capita* is only about 4 per cent. It does not seem likely that the increase *per capita* in many other lands would be greater than in the United States, while the increase in population is less, being only 1 per cent. On this basis we would conclude that the rate for the world would not be over 5 per cent and may be considerably less. The  $T$  rates as first worked out averaged 5½ per cent. But these included a rate for the United States, reached by the rough method employed for other countries. This roughly calculated rate for the United States was 6½ per cent, whereas the true rate, according to the far more trustworthy data previously employed was 5.3 per cent. Using this more exact figure in place of 6½ per cent, we found the average rate for the world to be 5 per cent in place of 5½

volume of trade ( $T$ ), the growth of circulating media being 7 per cent per annum and the growth of trade being only  $4\frac{1}{2}$  per cent per annum. The 7 per cent growth of circulating media was, in turn, due principally to the growth in check circulation ( $M'V'$ ) which advanced 8 per cent per annum. This 8 per cent growth in check circulation was, in turn, due chiefly to the growth of deposits ( $M$ ) which advanced  $6\frac{1}{2}$  per cent. Of this  $6\frac{1}{2}$  per cent growth of deposits, in turn  $2\frac{1}{2}$  per cent was due to the increase of money ( $M$ ) and the balance, 4 per cent, to the outstripping of money by deposits, i.e., to the growth of *relative* deposits  $\frac{M'}{M}$ .

### *Forecast for the Gold Standard World*

As previously stated and elsewhere emphasized,<sup>8</sup>  $M'$ , the volume of deposits subject to check, tends to keep pace with  $M$ , the quantity of money in circulation. It follows that a part of the increase in  $M'$  is due to the increase in  $M$ . Consequently also a part of the increase in  $M' V'$  is due to the increase in  $M$ . It is well to bear this in mind, for the principal importance of the increase in gold production lies in its effect on  $M'$ . The mere increase in  $M$  alone would be relatively unimportant. If  $M$ , instead of increasing  $2\frac{1}{2}$  per cent, had not increased at all,  $M'$  would not have increased  $6\frac{1}{2}$  per cent but only 4 per cent. In that case there would have been no increase in the price level. So also, if in the future  $M$  should suddenly cease increasing while  $M'$  relatively to

per cent. But even this does not sufficiently allow for the exaggeration in our index of  $T$ , since that exaggeration probably applies to all other countries, unless possibly England and France, where the post office and railway business has not been greatly extended except in specific response to the general growth of business. In both these countries the  $T$  rate is calculated at 3 per cent. But in all other countries the results are doubtless exaggerations. We have already presented *internal evidence* of this in the great discrepancy between the estimates in the two sides of the equations, in "Continental Europe and Japan" and in "Other Countries." In the former the excess of the side of the equation on which  $T$  is found is 2 per cent to 4 per cent, while in the latter it is from 7 per cent to 9 per cent. In the United States the excess was  $1\frac{1}{2}$  per cent. Taking all these considerations into account, I feel safe, when making the final adjustments, in trimming down the  $T$  rate from 5 to  $4\frac{1}{2}$  per cent. It is believed that the final estimate is in general correct within less than one point (one per cent of growth). This is not a high degree of accuracy but it represents, I believe, a better basis for forecasting the future than any which has hitherto been employed.

<sup>8</sup> See *The Purchasing Power of Money*, chs. 3, 8.

$M$  should continue the same rate of increase and  $T$  also should increase at the same rate, the price level would remain stationary.

For reasons to be given I believe it is fairly safe to say: (1) that  $M'$  will, for many years, increase as fast relatively to  $M$  as it has in the past, (2) that  $M$ ,  $V$ , and  $V'$  will increase at least to *some* extent (even if only as fast as population) and (3) that  $T$  will not increase faster than at present. If these conclusions are correct it follows that the price level must rise in the future.

We shall examine the prospects in detail for each of the magnitudes  $M$ ,  $M'$ ,  $V$ ,  $V'$ , and  $T$ .

$M$ . The principal cause in recent years for the increase of money in circulation has been the great output of gold. This output has been a remarkably steady percentage ( $4\frac{1}{2}$ ) of the world's stock of gold.<sup>9</sup> Analogy would lead us to expect a continuance of this rate in the future. But analogy is an unsafe guide. Some gold mining experts like de Launay add their testimony in favor of continuation. Others, like Mr. George E. Roberts, Director of the United States Mint, think the chances are that the maximum will be reached in a few years. There are always, of course, chances of new discoveries or methods of production and chances of exhaustion of mines, although the exhaustion of mines is readily foreseen several years in advance, while the discovery of new mines or methods can never be definitely foreseen. Leaving out of account the chance of great discoveries which always exists, the output is fairly sure to remain great even if it ceases to increase or to increase at the present rate.

There is, of course, a tendency for the increased gold production automatically to check itself, since the increase in wages and other expenses which are caused by the increased quantity of money, makes the working of the mines themselves more expensive. Director Roberts, who is one of the best informed men in the world on this subject, in his 1911 report, states:

"It has been a theory of writers on the subject that the rise of commodities and wages would automatically check the production of gold, thus providing its own corrective, but the gold-mining industry furnishes an illustration of how invention, organization, and the use of capital are able to accomplish a reduction in costs when every factor in the calculation shows an advancing tendency. The cost of handling ore and extracting gold in the Transvaal mines per ton of ore treated has steadily declined and made a new low record in 1910." . . . . "While it is not likely that the Rand will show an appreciable

<sup>9</sup> *Moody's Magazine*, March, 1912.

decrease for a good many years to come, it is probably not far from the maximum output. There has been no gain in the world's production for some years except that made by the Rand."<sup>10</sup>

We conclude then that, so far as the future production of gold is concerned, it is not safe to predict any great future increase although it would be still less safe<sup>11</sup> to predict a decrease. It seems safe only to say that the production of gold will not decrease fast nor suddenly and that whether or not its production decreases at all, gold will for many years still be produced in sufficient quantities to create a net addition to the world's money and bank reserves of, let us say, at least 2 per cent per annum, or one half per cent less than the present rate. It seems unlikely that the rate of increase of money stock will fall much below this.

The fact that the gold standard world is now so large tends of course to lessen the effect of fresh supplies of money, but these supplies are also large while bank deposits are becoming a more and more dominant feature. There was a time when the Orient acted as a "sink" of the precious metals and to some extent it does so still. India has been yoked to the gold standard since 1893-1898 and this fact has doubtless mitigated the rise of prices which the world has experienced since 1896. What Professor J. Stanley Jevons said of India, when gold and silver countries were united through bimetallism, holds true today when India is linked to gold standard countries through the "gold exchange standard." He said:

"Asia, then, is the great reservoir and sink of the precious metals. It has saved us from a commercial revolution and taken off our hands many millions of bullion which would be worse than useless here. And from the earliest historical ages it has stood in a similar relation to Europe. In the Middle Ages it relieved Europe of the excess of Spanish-American treasure, just as it now relieves it of the excess of Australian treasure."<sup>12</sup>

According to the Director of the Mint, for the eleven years 1900-1910, India absorbed 434 millions of gold and, for the British fiscal year ending March 31, 1911, the net imports were 90 million dollars, or about one quarter of the world product after the industrial consumption was provided for. A correspondent of the Director of the Mint writes:

<sup>10</sup> *Report of the Director of the Mint for 1911*, p. 67.

<sup>11</sup> How hazardous it is to set a limit to gold discovery is well illustrated by the prediction of the Austrian geologist, Suess, fifteen years ago, that gold production had reached its climax and would decline!

<sup>12</sup> *Investigations in Currency and Finance* (London, 1884), p. 137.

"The net import of gold into India for the month of February, 1912, is a fresh record and amounts to the substantial sum of £5,174,600. This total is more than double that for February, 1911, and represents nearly one-sixth of the whole Rand output for 1911. The bulk of this large sum was imported in the form of sovereigns which were available for circulation if the country so desired."

Yet India has not prevented the world rise of prices and she has herself shared this rise, at the rate of about  $2\frac{1}{2}$  per cent per annum, as the statistics of Atkinson show. Even if China should follow the example of India and introduce the gold exchange standard, the effect in steadying prices would probably not be great; for China, like India, though large in population, is small in its use of money per capita. Excepting China there now remains no important country which can relieve the present gold standard world of redundant gold. Nor is gold the only source of addition to monetary stock. If the plan of the National Monetary Commission should be adopted or, for that matter, any other plan likely to be considered for improving our currency, the result must inevitably be to inflate the currency. It would also get rid of our present uneconomical use of bank reserves and substitute a system which would virtually release reserves now locked up. The tendency of all these changes (however desirable on other grounds) would be to raise prices. When, therefore, we consider all the possibilities—the chances of new discoveries of gold or of further economies in gold mining, the certainty of a continuance of an enormous annual extraction of ore actually "in sight," the chances of increases in paper money and subsidiary coins—we may well feel confident that gold production will not slacken enough to bring the upward movement of prices to a standstill. In order to arrest this upward movement of prices, the gold production would practically need to cease altogether so as to make the money in circulation ( $M$ ) remain stationary; for the figures given show that  $M$  is now increasing at the rate of  $2\frac{1}{2}$  per cent which is the same rate as  $P$  is increasing.

V. Next let us consider the prospects for the velocity of circulation of money. We have assumed that the velocity of circulation of money in the world will only feebly increase, this assumption being based on the calculation made above for the United States. It is safe to say that the rate of increase could not be much lower than that assigned and it may be somewhat higher. In fact there is much to be said in favor of the latter view. The extension of rapid transportation will tend powerfully in this di-

rection especially in slow and backward countries like India. Again the extension of banking tends in the same direction. Where banking does not exist, money is hoarded, *i.e.*, circulates slowly. Where banking is introduced, money is deposited and finds its way into circulation. No one will, I think, deny that, for many reasons, hoarding is constantly on the decrease, and a decrease in hoarding means an increase in velocity of circulation. It was not long ago when French people stowed away large sums of money in stockings and other domestic receptacles. These were their chief savings banks, and savings meant hoards. But today all money not needed for immediate use is generally deposited in some sort of bank, whether a savings bank or an ordinary bank of deposit, and is thence returned by that bank into circulation or used as a reserve for several times its value in deposits subject to check. In either case the effect is virtually to inflate the currency.

We may, I believe, expect such a release of oriental hoards in the future. The astonishing lengths to which hoarding is now carried in Egypt and India are emphasized by Director Roberts of the United States Mint. He says:

"The Egyptian situation is somewhat like that of India. The country is on a gold basis, and for 30 years has been steadily taking gold in the settlement of its trade balances. The high price of cotton in recent years and the increasing production of the country explains the trade balances, but there is some mystery about the way the gold disappears from view. It does not enter into bank stocks, and it is difficult to understand how a country of its size and population and in which the masses of the people are so poor can absorb so much gold coin. . . . Some light is shed upon the situation by the following statement in an address by Lord Cromer, made in London in 1907:

'A little while ago I heard of an Egyptian gentleman who died leaving a fortune of £80,000, the whole of which was in gold coin in his cellars. Then, again, I heard of a substantial yeoman who bought a property for £25,000. Half an hour after the contract was signed he appeared with a train of donkeys bearing on their backs the money, which had been buried in his garden. I hear that on the occasion of a fire in a provincial town no less than £5,000 was found hidden in earthen pots. I could multiply instances of this sort. There can be no doubt that the practice of hoarding is carried on to an excessive degree.' " (*The Statist*, Nov. 2.)

The amount of such hoards has been emphasized by Director Roberts of the United States Mint as evidence that they provide a future sink for gold and thus tend to absorb gold, and perhaps arrest the rise of prices. There can be no doubt that oriental hoarding will continue for years to afford an outlet for redundant



use of checks relatively to money. As the last table shows, the use of banking devices is increasing much more rapidly than the volume of money. The volume of deposits is increasing at the rate of  $6\frac{1}{2}$  per cent per annum. Even in England where checks have been used for so long a time, the volume of deposits is still increasing at the rate of  $3\frac{1}{2}$  per cent per annum; in the United States, at 7.3 per cent; in Canada, at 12 per cent; and in Australia, at  $3\frac{1}{2}$  per cent. These are English speaking lands, in which, if anywhere, the use of checks should have approached its limit. No such approach is observable in the United States or Canada and the data for Australia are too meager to be considered representative.

In "Continental Europe and Japan" there is certainly no tendency to decrease. Here in the next few decades is a vast region for the extension of deposit banking. It would not be surprising if, in Germany and other continental countries, the use of checks should reach a stage when every business man would begin to realize that he must employ them. Then the use of checks would increase at an even more rapid rate than at present. At present the rate of increase in France is 7 per cent, in Germany 13 per cent, Holland 9 per cent, Denmark 10 per cent, Norway 8 per cent, Sweden  $5\frac{1}{2}$  per cent, Switzerland 5 per cent, Russia  $2\frac{1}{2}$  per cent, Japan 10 per cent, the Austro-Hungarian Bank 17 per cent. In backward India where deposit banking has only just begun, the rate of increase is 9 per cent, in Mexico 11 per cent. Should only the present rate of increase be maintained, while the rates in English speaking lands should slacken, the average rate for the world would not necessarily or even probably decline. At present the deposit currency of the United States far exceeds that of other countries, but the deposit currency of Continental Europe and Japan will cut more and more of a figure, and by the time—perhaps a generation hence—when their rate of increase begins to slacken, India and other of the (now) backward countries in the third group of the last table will then need to be reckoned with. The present relative positions of these three groups are shown roughly by the ratio of deposits to money in the country as given in the last table but one. In the English speaking group deposits are almost five times the money in the country. In the next group—Continental Europe and Japan—on the other hand, the figures show that deposits are only half as great as the money, although this ratio may be too small if, as is likely, the statistics

of deposits are more defective than those of money. The third group shows money to be only one fifth of the deposits although there is the same probability that this ratio is too small also. Unfortunately neither the figures for money nor the figures for deposits which were used in forming these ratios, exactly represent the  $M$  and  $M'$  of our table. The money in the country includes money in banks and government vaults, while the deposits include many deposits which are not subject to check. Yet in a general way we may believe that the relative importance of money in circulation and deposits subject to check is approximately represented in the table.<sup>15</sup> At any rate the obvious lesson of the figures is a prodigiously rapid expansion of deposit-banking throughout the world.

$V'$ . We come next to the activity of deposits subject to check. In the United States this has shown a progressive tendency to increase. As the factors—concentration of population in cities, rapid transportation, etc.—which tend to increase  $V'$  are constantly increasing, we may expect this factor to increase for other countries also. That concentration of population in cities is a very powerful influence in accelerating the activity of bank accounts is shown clearly by the figures of Pierre des Essars and myself. The activity of deposits varies almost exactly with the size of the cities and the range of variation is surprisingly great. This exceeds 100 times a year in Paris, Berlin and Brussels, but is only 16 times a year in New Haven, four times a year in Athens, Greece, and only once a year in Santa Barbara, California.<sup>16</sup>

These results accord with the fact that the velocity of circulation in the United States has increased very substantially during the last fifteen years—from 37 times a year to 50 times a year.

Finally, we have the testimony of the statistics of clearing-houses. The rate at which these increase is used as a rough indication of the rate at which the use of checks ( $M'V'$ ) increases. As the figures in our tables show, clearings usually show a more rapid rate of increase than deposits. This indicates that the use


<sup>15</sup> In the United States the money in circulation is only about half of the money in the country, and the deposits subject to check are likewise about half, so that the true ratio, 4.7, of  $M'$  to  $M$ , turns out to be exactly the same as the ratio of deposits to money in the country as calculated by the rough method used in the table.

<sup>16</sup> See "La vitesse de la circulation," in *Journal de la Société de Statistique de Paris*, April 1895, p. 148, and *The Purchasing Power of Money*, p. 87.

of checks is increasing faster than the deposits against which they are drawn, which means that the activity of these deposits is increasing. It is true that this is not definitely indicated by the figures for all countries; but, judging from the facts in the United States, it is probable that the raw figures for the growth of deposits overstate the rate of growth of deposits subject to check, while those for clearings understate the rate of growth of the use of checks.

*T*. Finally we come to the volume of trade. This is the one factor which acts to restrain the rise of prices. Doubtless the volume of trade will continue to increase in the future, but there seems to be no evidence to lead to the conclusion that it will increase at a more rapid rate in the future than at the present time; and no evidence that it will, as long as the present development of banking continues, outstrip the expansion of media of exchange. On the contrary, there is some reason to believe that trade, while it will continue to expand, will expand more slowly. The fuller occupation of our lands and the decrease in the rate of growth of our population, which is partly a consequence of this occupation and partly a consequence of the voluntary decrease in the birth-rate, should tend to curb the rate of increase. Certain inventions pertaining to transportation will doubtless cause long distance and international trade to increase greatly, but such trade constitutes only the outer fringe of the great mass of trade. For the United States, for instance, the whole foreign trade is less than one per cent of the internal trade. The great bulk of trade consists of *local* transactions. Local trade is affected by transportation but not affected so greatly as long distance trade. Thus rapid transportation has caused a prodigious increase in the trade between the antipodes, a less increase in the trade between the states of the United States and a still less increase in the trade between individuals in the same town. Improvements in transportation always help trade, but the connection between transportation and trade is a loose one so that probably the growth of transportation always outstrips the growth of trade.

After a careful weighing of all the evidence available I have been unable to escape the conclusion that, in the race between  $MV + M'V'$ , the purchasing power of both money and deposits, on the one hand, and *T*, the volume of trade, on the other, the outlook is that the former will continue for many years to outstrip the latter.

The weight  symbolizing a purse, represents  $M$ , the money in circulation.

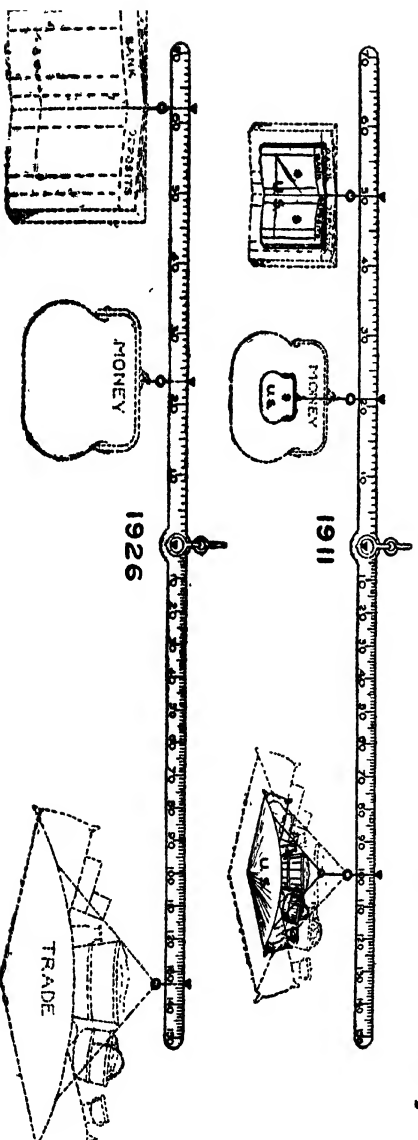
The leverage of this purse, or its distance from the fulcrum, represents  $V$ , the velocity of circulation of money.

The weight  symbolizing a bank book, represents  $M'$ , the bank deposits against which checks are drawn

The leverage of this bank book represents  $V'$ , the velocity of circulation ("activity") of these deposits.

The weight  symbolizing a grocer's tray, represents  $T$ , the volume of trade.

The leverage of this tray represents  $P$ , the index number of prices measured as a percentage of the prices of 1911



If this conclusion is correct, then prices must, on the average, continue to rise.

In all the above discussion we have considered only the *rates* of increase of these factors, and not their absolute magnitudes. As has been indicated, this was done because as yet data are lacking by which to make any reliable estimate for the various magnitudes in the world's equation of exchange. In order, however, to provide some sort of mental picture of the changes in the various magnitudes, the accompanying illustrative table and diagram are given.<sup>17</sup> The figure used for  $M$  in 1911 is probably approximately correct and that for  $M'$  correct within a few billions of dollars. The figures for  $V$  and  $V'$  are simply the figures for the velocities of circulation in the United States. That they are representative of the world at large is not and could not be claimed. We know nothing of the absolute magnitude of these factors in the world as a whole.

Assuming these hypothetical values for the six magnitudes in the world equation of exchange for 1911, we can picture what their values will grow to in fifteen years under the two hypotheses represented as "probable" and "conservative." The "probable" hypothesis indicates what will happen if all the factors grow, as recent experience and present prospects indicate to be most probable. The "conservative" hypothesis indicates what will happen if the growth of the four price-raising factors,  $M$ ,  $M'$ ,  $V$ ,  $V'$ , is *as slow as could reasonably be assumed*, while, at the same time, the growth of the one price-restraining factor,  $T$ , is *as rapid as could reasonably be assumed*.

The rates selected for the "probable" case are those indicated by recent experience except (1) that the rate for  $M$  is reduced from  $2\frac{1}{2}$  to 2 to provide for the probable gradual falling off in the rate of increase of money and (2) that, as a consequence of this reduction in  $M$ , there will be an equal reduction in  $M'$  from  $6\frac{1}{2}$  to 6. It will be seen, therefore, that, although I have called these figures "probable" as distinguished from the others which are called "conservative," the former might perhaps be called conservative and the latter, ultra-conservative. The conservative character of the "probable" estimates is illustrated by the figures for deposits. The rate of growth of bank deposits which is called

<sup>17</sup> The diagram is constructed on the same principles as those in the June article and *The Purchasing Power of Money*.

"probable" is less than the rate (7.3) in the United States. This is due chiefly to the low rate (3 per cent) in England. But before fifteen years are up "Continental Europe and Japan" will cut so large a figure in the average that the low rate in England will have less weight and the high rates of Germany and other countries, now relatively insignificant in their volume of deposits, will have more weight. The result may well be that the world's average rate of increase of deposits will be greater in the future even if the rates in some or all individual countries should become less.

HYPOTHETICAL FIGURES ILLUSTRATING FUTURE GROWTH  
(FIGURES FOR THE ABSOLUTE SIZE OF  $M$ ,  $M'$ , AND  $T$  ARE IN BILLIONS OF DOLLARS)

	Money in circulation	Deposits subject to check	Velocity of money	Velocity of deposits	Price level	Volume of trade	Money expenditures	Check expenditures	Total expenditures	Relative deposits	Relative money expenditures
	$M$	$M'$	$V$	$V'$	$P$	$T$	$MV$	$M'V'$	$MV+M'V'$	$\frac{M'}{M}$	$\frac{MV}{MV+M'V'}$
Assumed for 1911	12	15	21	50	1.00	1000	250	750	1000	1½	25
Future rates of growth	(Probable <sup>1</sup> ) 2	6	½	1½	2	4½					
	(Conservative <sup>2</sup> ) 1½	5	0	1	0	5					
Results in 15 years	(Probable <sup>1</sup> ) 16	36	23	62	1.34	1940	370	2230	2600	2¾	14
	(Conservative <sup>2</sup> ) 15	31	21	58	1.02	2080	315	1800	2115	2	15

<sup>1</sup> By "probable" is meant: "In case all five price-determining factors grow as recent experience and present prospects indicate to be most probable."

<sup>2</sup> By "conservative" is meant: "In case all price-raising factors ( $M$ ,  $M'$ ,  $V$ ,  $V'$ ) grow as slowly as could reasonably be assumed and the price-restraining factor ( $T$ ) grows as fast as could reasonably be assumed."

<sup>3</sup> Relatively to money in circulation.

<sup>4</sup> As percentage of total expenditures.

The rates selected for the "conservative" case are for  $M$ ,  $V$  and  $V'$  reduced by half a point from those of the "probable" case, that for  $M'$  reduced one point (*i.e.*, reduced half a point because of the reduction of a half point in the  $M$  rate and another half a point on its own account) and that for  $T$  raised half a point.

The "probable" figures illustrate, what has already been implied, that the outlook is for a rise of prices of 2 per cent per annum or from an assumed 100 per cent in 1911 to 134 per cent in 1926, *i.e.* a rise of one third in the next fifteen years, while on the most

conservative basis the price level will not fall. Humanly speaking, I believe it is certain that prices will not show a downward trend in the next fifteen years. There seems to me to be less than an even chance that any *one* of the five factors should be as extreme as supposed in the "conservative" case. Much less is it likely that they all should be. But even if there were an even chance (*i.e.*, a chance of  $\frac{1}{2}$ ) that each of these factors, taken by itself, should deviate from the "probable" as much as indicated in the "conservative" case, the chance that *all five should do so at the same time* would be extremely small, viz.,  $(\frac{1}{2})^5$  or one chance in 32. The true chance is probably considerably less than this. On the basis of the theory of probability, I am inclined to believe that the chance that prices will not, in general, rise during the next fifteen years is less than one in one hundred.<sup>18</sup>

<sup>18</sup> The reasons why the chance is so small are three. First and foremost is the fact above mentioned that among the five variables affecting the price level, the chance of a conspiracy, so to speak, among them so that they shall all work in the same direction at the same time is extremely small. One may "trust to luck" that if some one price-raising factor such as *M* should through a sudden cessation of gold mining be greatly slackened, some one or more of the other four factors are almost sure to work a partial or complete compensation. This will not be mysterious to anyone familiar with the theory of chances. It is well known that in tossing five coins the chance of all five coming up heads is only one in thirty-two.

The second reason is that the steadiness in growth of the various factors in the past makes it extremely improbable that the variation in any one, or at any rate, any considerable number of them, will be very great. The third is the increasing dominance of checks as compared with money which of itself might, paradoxically, cause a rise of prices even though, individually, both the rates of growth of money and of deposits subject to check should happen to fall.

It is possible on the theory of probabilities and certain assumptions to calculate the chances that the five magnitudes determining the price level may change in such a manner as to prevent a rise in prices. This calculation is more complicated than the mere raising of a fraction to a power as supposed above. It must take account of all combinations of chances which might produce the result under discussion. These include the chances that a deviation in one or more elements may be so great as not to require the aid of all or even of any of the other elements. To perform this calculation we make two assumptions, (1) that the ordinary law of probability or frequency applies to the present case, and (2) that the "probable deviation" is in all cases  $\frac{1}{2}$  of a point in the tables. The first supposition seems admissible, and even if it should not exactly apply, the result would not be materially affected. The second supposition—that the probable deviation is  $\frac{1}{2}$ —is of course merely a matter of opinion; but it greatly overstates, in my

The table illustrates clearly how the increasing dominance of deposit currency will tend to push prices upward even if the growth in the volume of money should diminish by  $\frac{1}{2}$ , i.e., by 20 per cent, and this in spite of the reduction of  $\frac{1}{2}$  in the rate of growth of deposits which would follow from the reduction of that amount in the growth of money. In other words, in spite of the fact that the figures both for  $M$  and for  $\frac{M'}{M}$  are assumed to be  $\frac{1}{2}$  a point lower in the future than in the past, the resulting rise of prices is the same in the future as in the past, owing simply to the increasing dominance of  $M'$  in controlling the result. This increasing importance of  $M'$  is illustrated by the increase in  $\frac{M'}{M}$  which is represented as changing in the next 15 years from a supposed

opinion, the liability to fluctuation and therefore strengthens the conclusions which follow. By "probable deviation" in this case is, of course, meant the probable change of rates of growth from their present figures to those of the next fifteen years. To say, for instance, that the probable deviation of  $M$  is  $\frac{1}{2}$  means: "It is as likely as not that the annual rate of growth of  $M$  in the next fifteen years will vary from that recently experienced by  $\frac{1}{2}$ ." This implies, for instance, that as likely as not the average rate of new gold coinage combined with other additions to the world's stock of money in the next fifteen years will be 20 per cent greater or less than it is now. We have no good statistics by which to test these purely conjectural figures. As already noted, the annual output of gold during recent years has maintained a remarkably steady relation to the estimated stock of gold in the world. If we take the various available estimates of the total money in the world (in the years 1860, 1883, 1890, 1896, 1910) and compare with them the average annual yearly production of gold in the few years immediately preceding and succeeding these dates, we find that the gold production amounted in these respective years to approximately 2 per cent,  $1\frac{1}{4}$  per cent, 1 per cent, 2 per cent and  $3\frac{1}{2}$  per cent. The "probable deviation" of any one of these figures from the mean is by the usual formula, about .6. The variability as between immediately successive periods of fifteen years each would be presumably less. For bank deposits no uniform series of statistics are available for a long series of years. The best we can do is to take the "individual deposits" in the United States for the last 15 years and the 15 years immediately preceding and to compare them with the increase in money in circulation outside of banks and United States government vaults. In this way it is found that the annual rate of increase of deposits relatively to money is exactly 3 per cent in both periods. (The money increased 1 per cent per annum in the first period and  $8\frac{1}{2}$  per cent in the second; while absolute deposits increased 4 per cent and  $11\frac{1}{2}$  per cent respectively.) For the volume of trade we likewise have no extended and uniform figures to indicate variability. We only have the rough calculation of Professor Kemmerer beginning in 1879 and extending



$1\frac{1}{4}$  to a supposed  $2\frac{1}{4}$ . The last column shows substantially the same tendency in a different form. The relative use of money is represented as declining from a supposed 25 per cent to 15 per cent of the total use of circulating media. Even this reduced ratio, 15 per cent, would still be double the present ratio in the United States.

In view of all the facts, it would not seem strange if the rise in prices should continue in the future for at least a generation. This does not mean, of course, that a rise will occur in every individual year. On the contrary, the upward movement, for reasons elsewhere given,<sup>19</sup> is likely to be interrupted every decade or so by a crisis, like that of 1907. As stated in last year's article, such a crisis seems likely to incubate in a few years from the present. It is true that recent liquidations due to business men retrenching (through fear of a drastic enforcement of the Sherman law, etc., and because of the temporary recession of prices) have nearly restored normal conditions in the United States. But this liquidation has postponed rather than averted the expected crisis, and is, moreover, confined to the United States. In Canada and Germany we hear of a distended condition of credit. A restoration of

to 1908. This lacks only one year of making two periods of fifteen years each. Dividing this period into two equal parts we find the rate of growth of trade in the United States on the basis of these figures is  $4\frac{1}{2}$  per cent per annum in the first period and 5 per cent in the second. (See his *Money and Prices*, p. 131.) These stray straws indicate, although far from conclusively, that the assumption of half a point more or less as the "probable deviation" is conservative rather than excessive for the world's growth of money and deposits. As to their velocities I feel reasonably certain, on the basis of the considerations already given, that their rate of increase will not appreciably slacken.

The result of the calculations is: the chances that the trend of prices for the next fifteen years will not be upward are *less than one in one hundred*. The correctness of this conclusion does not depend on any assumption of accuracy in the rates of growth used in the table. Even if the true rate of growth of *M* should be something different from the estimate here made, the same reasoning would apply. *Whatever* is the true rate of growth, that rate must fall by  $\frac{1}{2}$  in order to affect the price level by  $\frac{1}{2}$  and the same applies to *T*, etc. The correctness of the conclusion does depend, however, on the assumption that the "probable deviations" used are conservative. Even if statistical research should prove that they are not always conservative, nevertheless any other reasonable assumption could still show that the chance of a fall in price is very slight indeed.

<sup>19</sup> *The Purchasing Power of Money*, ch. 4.

the steady upward movement in prices is pretty sure to mean a boom, and a boom is the incubation period for a crisis.

No upper limit is assigned to the possible rate of rise of prices, for the reason that we can never know when new and rich mines will be discovered or when someone will find a paying method of extracting gold from the Southern clays or even from sea water.

We conclude then that prices are almost sure to continue to rise in the next decade or two, probably as fast on the average as 2 per cent per annum.

It is interesting to observe that the United States now has the dominant role in the world drama which these statistics aim to picture. This is especially true in respect to deposits subject to check. We know that the total individual deposits in the United States are sixteen billions, and those subject to check are eight billions. In all other countries the total deposits reported are only about thirteen billions. If it be true that, in these countries also, the deposits subject to check constitute about half of the total deposits, there are as yet among these other nations only about six and one half billions of deposits subject to check. The fact that the United States deposits loom up as so large a part of the world's deposits need not surprise us when we realize how much higher the American price level is than that of other and especially oriental countries and how much more money we have per capita. India, for instance, with its teeming millions, has only 67 cents per capita, while the United States has \$35 of which about half is in actual circulation. In addition we have a per capita of \$150 of deposits subject to check. The fact that prices in the United States and Canada have risen more rapidly than elsewhere is, in my opinion, chiefly due to the rapid rate at which deposits in these countries have increased.

As was indicated in the June article, the unequal advances in prices in different countries will, in general, tend toward mutual correction. This will imply changes in international trade. The relatively slight rise in England tends to make England attractive to purchasers and unattractive to sellers. The opposite is true of the United States, Canada and Germany. We may therefore expect in the immediate future a great stimulus to British export trade (and to the import of gold), retardation in import trade (and in export of gold) and opposite tendencies in the trade of the United States, Canada and Germany. But these adjustments

may be irregular owing to the fact that international trade is so sensitive to the special market conditions of the limited number of articles entering into it as well as to other circumstances. Whatever the mutual adjustments of price levels between countries by international trade and the redistribution of the stocks of gold, I believe the world as a whole is destined to see for many years to come a rapidly rising tide of prices.

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## THE REPORT OF THE TARIFF BOARD ON COTTON MANUFACTURES

In its report on Cotton Manufactures, the Tariff Board has drawn conclusions which, if used as the basis for legislation, will necessitate material reductions in the duties of Schedule I. Conclusions so at variance with manufacturers' statements and protectionist arguments bespeak the independence and impartiality of the report. And the data collected, although in some respects incomplete, provide a valuable source of information for the study of comparative costs, prices, and industrial and commercial methods.

The investigation covered 81 spinning and weaving mills in the United States, with 5,210,836 spindles and 133,761 looms, or about one fifth of the total in the country. In the knit-goods industry the records of only 17 mills were examined. Information was obtained from England, France, Germany, Canada, and Japan, but the chief comparisons were between English and American spinning, weaving, and finishing costs and prices, and German and American knitting costs. England has been the leading competitor in the spinning, weaving, and finishing industries, and Germany in the knit-goods trade.

Inasmuch as raw cotton costs no more in the United States than in Europe, and is subject to no tariff duty in this country, the investigation was confined to manufacturing costs. Special branches, such as lace and embroidery making, were not investigated. The matter of the report may be divided into four parts: (1) spinning, (2) weaving, (3) finishing, and (4) knitting.

(1) The data for determining costs were taken from the books of manufacturers by agents of the Board. Owing to diversity in accounting methods it was necessary to formulate plans of cost determination which could be applied uniformly to the figures from each mill. In spinning, the Board was able to make its most complete analysis of both domestic and foreign costs. Not only is there less diversity of structure in yarns than in fabrics, but more detailed statements could be obtained from English spinners than from other foreign manufacturers.

The Board properly made allowance for the difference in the predominant technical methods in England and the United States,

and compared the costs of ring spinning in America with the costs of mule spinning in England. Although ring spindles are four times as numerous as mule spindles in the United States, American mule spinners' wages, which are much higher than ring spinners' wages, have in congressional tariff debates of the past been frequently used as a standard for comparison.

Owing to the variations in cost, even for spinning one sort of yarn, the selection of a standard which would be representative of the industry as a whole, was difficult. In England the variations were not negligible, but they were less than in American mills. In Lancashire the industry is highly specialized, and wages are regulated by standard lists. In the United States the industry is dispersed over a wider geographical area, and wages, methods, and systems are less standardized. Taking a typical example from the Tariff Board report, in twelve American mills the cost of spinning No. 28 warp yarn (exclusive of the cost of materials) varied from 2.9 to 4.5 cents per pound. In English mills the cost rarely varied more than one half cent per pound.

Instead of computing an average, the Tariff Board compared the figures from the mill in each country, which showed the lowest costs of each product. In a few instances the costs may have been abnormally low and therefore not representative. But the method had the merit of using actual costs from specific establishments. And since the lowest were compared, their utilization for purposes of tariff legislation would lessen the liability to protection of inefficiency. Taken as a whole the comparison is fair.

On this basis it was concluded that for the counts which constitute the bulk of the output of American mills, the lowest English cost, exclusive of raw materials, was about 73 per cent of the lowest American cost. Raw material, however, made up so large a proportion of the total expense that when that was reckoned in, the cost of producing yarn was only 3.8 to 11.9 per cent higher in America. On fine yarns the English spinners had a greater advantage.

The following table (abridged) indicates the differences in labor cost, in total conversion cost,<sup>1</sup> and the relative duties:

<sup>1</sup> By the term "conversion cost" is meant all the costs of manufacturing exclusive of the amount paid for raw materials.

		Difference in labor cost per pound of yarn	Difference in total conver- sion cost per pound of yarn	Duty
Warp yarn	No. 30.....	\$0.0058	\$0.0172	\$0.05
"	" No. 40.....	.0089	.0256	.08
"	" No. 50.....	.0136	.0375	.10
Weft	" No. 30.....	.0012	.0087	.05
"	" No. 40.....	.0031	.0148	.08
"	" No. 50.....	.0058	.0230	.10
"	" No. 60.....	.0069	.0285	.12
"	" No. 70.....	.0088	.0363	.14

No coarse yarns, which would have shown less divergence in costs, were included. But even on the medium counts the duty was in some instances nearly six times as great as the difference in manufacturing cost, and in every case exceeded that difference by a wide margin.

In view of the relatively small difference in labor cost, it seems improbable that the tariff brings much benefit to the operatives in the spinning departments of American cotton mills. The yarn duties, moreover, are of no great assistance to the American manufacturers. The advantages of producing yarn under the direct oversight of the manufacturer who is to weave it, and the costs of packing and shipping, are obstacles which would hinder any considerable importation of ordinary yarn even if the duties were abolished. And even on the protectionist theory that they should correspond to the difference in cost of production, the present duties should at least be reduced.

For thread, or sewing cotton, the Tariff Board did not ascertain any English costs. But it did obtain sufficient data to show the relation between American costs and the duties. On no one of the numerous samples was the duty less than half the American conversion cost, and as a rule it exceeded that cost, sometimes by 100 per cent. In every instance it at least equalled the labor cost and usually was two or three times as high. Since no price quotations for English thread are given, it is not possible to judge the effect of these duties on American prices. There is good reason for believing, however, that the prices have been increased somewhat by the duty, although not necessarily by the full amount. Comparative costs and prices would have been particularly interesting in this case, since it is the one branch of the cotton industry where monopolistic control of prices with the aid of tariff protection is to be suspected.

(2) Relatively more cloth than yarn is imported into the United States, yet the importation of cloth is not large. In value the imports of cloth were only 1.79 per cent of the domestic production in 1909-10. The duties, which average over 42 per cent ad valorem, have been restrictive; but that their influence on importation and prices has frequently been overestimated, is indicated by the report of the Tariff Board. Owing to the lack of foreign data, it was not possible to give a detailed comparison of weaving costs in English and American mills. Presumably the English manufacturers were unwilling to open their books to foreigners, by no means an unexpected obstacle. The Tariff Board consequently had to adopt other methods of indicating how the duties on cotton cloth should be adjusted.

Costs and prices were obtained in America for samples of one hundred fabrics, and then from the same samples English price quotations were secured. These quotations and American costs were compared with the duties which would have been levied upon the goods if they had been imported. The costs of more than one thousand other fabrics were ascertained from American mills, and for some a comparison with tariff duties was made. On the basis of relative earnings and relative output per weaver, the comparative labor cost of weaving in the United States and England was indicated. In the summary this last series of comparisons was particularly emphasized.

In comparing domestic and foreign prices and domestic costs for the one hundred samples, warning is given that the figures should be used with caution. The price quotations are not for exactly the same date in both countries, and the American costs and prices are not all strictly comparable. It should also be remembered that more or less abnormal conditions prevailed in the cotton trade during the period for which the data were obtained. Business in general was depressed, and the cotton industry had been disturbed by two successive short crops of cotton.

As in spinning, similarly in the weaving industry, a uniform method of cost determination had to be applied to the records from all the mills. The direct costs for labor and material were readily ascertained, but an arbitrary system had to be chosen for distributing the burden of works expense and fixed charges. Although the method adopted by the Tariff Board may have been the best, at least for its purposes, it did not correspond to that employed by manufacturers. Consequently a manufacturer might

have fixed a different cost on any one of the fabrics analyzed, and where the cost figures given by the Tariff Board exceeded the price, thus suggesting a loss, the manufacturer might have reckoned a profit.

It is doubtless true that numerous American cotton mills have inadequate systems of cost determination, but so far as tariff legislation is concerned the question may be raised as to whether the costs fixed by the Tariff Board, or those fixed by the manufacturers, are to be used as the basis. A manufacturer may assert that he can afford to produce a fabric provided it can be sold so as to yield anything above direct costs and impose a relatively heavy share of the overhead burden on another product. If the duties are to be adjusted on the basis of comparative costs, Congress will have to decide which standard is to be used.

The cost of producing any fabric was found to vary between mills. The cost of manufacturing 36-inch sheeting (sample No. 5), for instance, was two cents per yard higher in one mill than in another. This was one of the widest variations shown in the report, but probably a more elaborate investigation would have revealed others equally great. Variations of one cent per yard in costs were numerous, and these often constituted divergences of fifteen or twenty per cent in the manufacturing cost. Minor discrepancies in structure exist between the samples for which English quotations were obtained and those for which American costs and prices were calculated. But neither these nor the above qualifications invalidate the report of the Tariff Board. On the contrary that report warrants definite conclusions.

By comparing the number of looms per weaver in England and the United States it was shown that even when allowance had been made for the difference in the speed of the looms, the output of cloth per weaver was, as a rule, considerably greater in American cotton mills. Although for the more fancy patterns the difference in the amount turned out per weaver was slight, for ordinary cloth the output was in some instances five times as great in this country. The bulk of the output of American mills consists of plain goods, and for the production of these the American manufacturers have adopted machinery and methods<sup>2</sup> which have enabled them to reduce the labor cost of weaving below the English level.

<sup>2</sup> In an article published in the *Quarterly Journal of Economics*, Nov., 1909, I discussed in detail this adaptation.



The comparison of prices made by the Tariff Board likewise indicates that many cotton fabrics are manufactured as cheaply in the United States as in England. In Table 172, English and American mill selling prices are given for 78 staple fabrics of plain construction, such as are produced in large quantities by American mills; on 53 of these, lower prices were placed by American manufacturers and on two, the price was the same as in England.

The relations of the duties to prices and costs are also pointed out. In the examples given for grey cloth included under paragraph 315 of the tariff law—cloth not exceeding 100 threads per square inch—the American selling prices were in every instance below the English quotations. The duties were from 21 to 43 per cent of the English prices, from nine tenths to nearly three times the American labor cost, and from 54 to 141 per cent of the total American conversion costs. The American prices for twenty-two fabrics included under paragraph 316—100 to 150 threads per square inch—were with two exceptions below the English prices. The duties were from 20.5 to 84.5 per cent of the English prices, and from 78 to over 246 per cent of the American conversion costs. Eleven comparisons were made of fabrics entered under paragraph 317—150 to 200 threads per square inch—and of these eight show lower selling prices in America. The duties ranged from 35 to 50 per cent of the English prices, and from 78.6 to over 159 per cent of the American manufacturing costs.

A comparison of prices on the finest fabrics, where the English prices would have been the lower, was not made. Nevertheless the report shows that as a rule the duties exceeded the American cost of manufacturing exclusive of the expense for raw material. Little information is given concerning the comparative prices of fabrics woven with fancy patterns. But it is stated that for these also the duty frequently exceeded the cost of manufacturing in the United States, and in every case was considerably in excess of the difference in cost.

From these comparisons the conclusion is to be drawn that all the duties on cotton cloth should be reduced and many of them swept away.

(3) In the tariff as it now stands the duties on bleached, dyed, printed, and mercerized fabrics are higher than on grey goods.

The Tariff Board found that for finished fabrics the addition to the duty on the grey cloth was seldom less than one cent per yard, and for one sample it amounted to 4-3/4 cents per yard. This additional tax generally exceeded the total cost of finishing. Moreover, for most of the samples the American finishing charges were lower than in England. For some processes the American cost was only one half the English. No reason was stated for the relatively low charges in America, but they have doubtless resulted from a larger scale of operation and higher speed of machinery. There seems to be little justification, therefore, for the imposition of heavier duties on finished cloth than on grey goods.

(4) The Tariff Board drew no conclusions in regard to the comparative costs of manufacturing knit-goods in this country and Germany. It merely gave some comparative figures. In Table 178 the domestic costs, the domestic and foreign selling prices, and the duties are given for nine samples of underwear. The duty exceeded the total cost of knitting. Some allowance must be made for the higher cost of spinning knitting yarns in the United States, but even then the duty would very nearly equal the total cost of spinning the yarn and knitting the fabric. These high duties have lessened imports and raised prices.

A few comparisons were also made for full-fashioned hosiery, and they showed lower costs in Germany. In order to get significant figures, however, a comparison should have been made between the costs of manufacturing full-fashioned goods in Germany and seamless goods in the United States. The Tariff Board in analyzing spinning costs properly compared English mule-spun yarn with American ring-spun yarn. A similar allowance for a difference in technical method should have been made in the case of knitting, since the cotton machine predominates in Germany and the seamless automatic in the United States. The costs of manufacturing certain kinds of seamless hosiery in the United States are given, but since there were no importations of such goods no comparison was attempted. Yet it could readily have been pointed out that for such goods the duties would probably have exceeded the manufacturing costs exclusive of raw materials.

The section of the report, therefore, which deals with knit-goods, is not satisfactory and will not be of much help to the legislators. Lack of time may have prevented the preparation of a conclusive statement. Presumably it was particularly difficult to obtain detailed information from foreign competitors

who have had their business repeatedly disturbed by alterations in our tariff duties. Nevertheless this part of the schedule is one to which great interest has been attached. It was in the duties on hosiery that the greatest increases in the cotton schedule were made by the act of 1909.

This report of the Tariff Board is less favorable to the protective system than the report on Schedule K. Hence it has been somewhat more coldly received by the supporters of that system. Although one large association of cotton manufacturers has commended the report on Schedule I, it is doubtful if its conclusions will meet with general approval amongst the mill-owners. They still more or less blindly fear foreign competition and fail to appreciate the advantages which have accrued from the development of machines and methods particularly adapted to the industrial conditions of the country. Their long-continued defense of the protectionist doctrines also makes them reluctant to acknowledge that the industry is no longer dependent on protection.

The results of the study of wholesale and retail prices, however, are a source of gratification to those who adhere to the protectionist principles. The fact that prices are in so many instances as low as in England indicates that the duties on cotton cloth place no serious burden on the consumer. The analysis of the system of distribution explains why it is that even when the manufacturers' prices are no greater in America retail prices are higher than abroad. For this the greater expense of distribution and the system of customary fixed prices are said to be responsible. In the President's message attention was called to the additions to manufacturers' prices by jobbers and retailers. And in their search for new debating ground others have asserted that the middlemen were beneficiaries of the protective system and that blame for high retail prices of cotton cloth did not rest on the manufacturers.

The review of the Tariff Board report by the secretary of the Home Market Club in Boston is suggestive. Though the report is accepted as impartial, the secretary avoids the conclusion that duties should be reduced. Attention is called to the fact that in the cost of production the item of interest was not included, although on account of higher cost of construction and equipment the interest charges would be greater in the United States. The

benefits of the protective duties to the jobber and retailer are emphasized. And it is asserted that if the duties are placed too low, importations will increase, operatives will be thrown out of work, and the middlemen, not the consumers, will receive the benefit. In this last chain of reasoning it is assumed that there would be a fairly large increase in imports even when manufacturers' selling prices are no higher in this country.

In that review the doctrine that tariff duties should be adjusted so as to equal the difference in cost of production is repudiated. Such duties would not be sufficiently high. An "equalizing" is not a "protective" tariff, it is said, since the former does not give an advantage to domestic producers. Protection thus seems to be made synonymous with prohibition. If that be the purpose of our tariff, the present duties on cotton manufactures should not be reduced. But why bother about rates at all? It would be far simpler to adopt the old-fashioned policy of specifically prohibiting the importation of those products which should be protected.

The lack of emphasis on the labor argument is also significant. The report of the Tariff Board proves that higher earnings by the operatives do not necessarily mean higher labor cost for the American cotton manufacturers. Heretofore this has never been admitted by the advocates of protection. This report, therefore, will cause some shifting in grounds of defense for the protective duties.

So far as legislation is concerned, the report, in spite of its short-comings, is serviceable. The difficulties encountered were such as might have been expected in an investigation where there was diversity in methods of cost accounting and wide variations in cost. And foreign manufacturers were naturally reluctant to reveal the details of their business. The evidence, to be sure, is least conclusive on those points where the greatest controversy will arise, and does not indicate just what duties should be fixed. None the less, it proves that there should be a genuine downward revision of the duties on cotton goods.

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## A BALANCED TARIFF

There can be no question as to the attitude of the American people toward the present tariff. The demand for a reduction in our present duties has been long continued and is insistent. There is every indication that certain schedules will be revised in the near future, but it is not to be expected that this will be accepted as even a temporary settlement of the tariff question. In fact, the general plan of tariff revision which seems to find most favor today—the revision of one schedule at a time—would in itself tend to keep the tariff problem before the public eye as a matter of general concern, and possibly as a political issue.

Compared with the system of periodic general revisions of the whole tariff, the method of revising the individual schedules *seriatim* has obvious advantages. It lessens the shock to industry and business; it makes possible the more thorough consideration of the facts relating to conditions in industries affected by the tariff; it minimizes the opportunity for vote-trading and for log-rolling of various sorts. But these considerations all relate to the economic or political aspects of the tariff; that is, to the tariff viewed as a protective measure. So far as the revenue aspects of the tariff are concerned the older system of tariff legislation had some advantages which do not appear in the method of revision schedule by schedule.

In a general revision of the tariff a cut in rates involving an appreciable loss in governmental revenue could be balanced by increases in the rates on other items or by imposing duties on commodities previously admitted free. Despite the crudities in the methods of preparing and amending tariff bills, the tariff as a whole was generally framed so as to yield an adequate amount of revenue to the government.

That tariff bills have been regarded as general revenue measures is clearly shown by the occasional inclusion or contemporaneous adoption of revenue-yielding devices other than duties on imports, such as the income tax of 1894, and the corporation tax of 1909. In both of these instances a probable decrease in tariff revenues was partly responsible for the desire to create new sources of revenue.<sup>1</sup>

If the tariff is to be revised gradually, as it should be, and if

<sup>1</sup> Noyes, *Forty Years of American Finance*, p. 227; Robinson, "The Federal Corporation Tax," *AMERICAN ECONOMIC REVIEW*, vol. I, p. 691.

the general trend of this revision is toward lower duties, there must of necessity be a continual increase in the revenue yielded by other sources of federal increase. In revision schedule by schedule, with each important decrease in customs duties necessitating an increased revenue from some other source, the result would be apt to be a needlessly complex revenue system, and there would also be the recurrent temptation to resort to dangerous fiscal experiments. At any rate, it will be readily conceded that any proposals looking toward considerable reductions in the amount of revenue yielded by our protective duties should be accompanied by suggestions as to practicable methods of making up the deficiency in revenue.

It is the purpose of the present paper to suggest a plan by which compensation for the decrease in customs receipts can easily be made. This additional revenue would come in the first instance from those directly benefited by the protection which the tariff schedules provide. The plan proposed would also, it is confidently believed, introduce a new principle into tariff legislation, by which tariff rates would tend to readjust themselves to a fair level as conditions changed.

The main proposal is simply that all manufacturers or other producers of goods protected by the tariff should be required by congressional enactment to pay a federal excise license or tax equal to a fixed proportion (say five per cent) of the import duties on such articles. It is also highly desirable that there should be a permanent tariff commission to which manufacturers, other producers, and all interested parties might submit facts and petitions relating to the revision of tariff schedules. The commission, in turn, would submit its own recommendations to Congress. It would seem that this simple plan would so operate as to produce the following results: (1) The tariff duty would be withdrawn on many articles, and additions to the free list would be made almost automatically as conditions changed. (2) Excessive duties would be reduced, and there would be no incentive to any manufacturing interest to ask for unnecessarily high protection. (3) There would be a tendency to reduce such unduly high monopoly prices as are made possible by high tariff rates. (4) A large and elastic revenue would be yielded. (5) The tariff on many necessities could be greatly reduced. These five points will be discussed in order:

(1) Manufacturers and other producers would petition the tariff commission for the removal of the tariff on all articles which, from the producers' point of view, need no protection. By such producers the excise tax would be felt as a useless and burdensome expense. This would simplify our present tariff schedules by eliminating all dead items. Moreover, from time to time in the future, by a similar process, the tariff would be removed from other articles, which, under changed conditions, no longer needed protection. There is much dead wood in our present tariff schedules. In default of a plan such as the one proposed, which relies upon the self-interest of manufacturers for the initiative in these matters, it would require ceaseless vigilance upon the part of the tariff commission and of Congress to keep the schedules properly pruned.

(2) Since the proposed excise tax is made a fixed per cent of the full amount of the tariff schedule, manufacturers and other producers would petition the commission for lower tariff rates on all articles on which the tariff is higher than is needed for protective purposes. For example, if the present tariff on a certain article is 50 per cent and if foreign goods cannot compete in our market unless the tariff is as low as 10 per cent, it would naturally follow that our home producers would desire that the tariff be reduced to say 20 per cent, as they would not care to pay five per cent on a 50 per cent schedule (or 2.5 per cent on the value of their product) if five per cent on a 20 per cent schedule (or one per cent on the value of their product) would give them the necessary protection. Thus from time to time, as conditions changed, the schedules would be revised in such a manner that the tariff would always be "balanced" or adjusted to what (under the protective principle) may be called its natural level.

(3) It may be objected that in many cases manufacturers would prefer to leave the present schedules unchanged, despite the excise tax, because the additional protection enables them to charge higher prices and thus to secure higher profits. It is evident that this objection does not apply in cases where competition among home producers is sufficiently active to have any efficacy as a price-fixing force. When there is real competition a permanent condition of abnormally high profits is as impossible in protected industries as in unprotected ones. Only when there is an effective combination of home producers, or a monopoly of any

other sort in the protected industry, does the objection mentioned have any weight. And even in this case the proposed balanced tariff would not be without effect. Today, tariff protection costs the monopoly or combination nothing. The excise tax, bearing a fixed ratio to the amount of tariff protection received, would be a direct burden upon such high monopoly prices and profits as are made possible by unduly high protective duties. Even without the excise tax high monopoly prices do not, of course, create profits correspondingly larger than lower prices would bring, for the reason that in general a smaller quantity of goods can be sold at the higher than at the lower prices. The excise tax would be relatively greater on the higher than on the lower prices (where a high tariff rate is the condition that makes high prices possible), and would in many cases lead the monopolists to prefer to sell at lower prices with reduced tariff protection and with a correspondingly lower excise tax. In fact, under these conditions, the excise tax, although directly proportioned to the tariff rate, would vary roughly with the price a monopolist desired to charge for his goods. It would operate, in effect, much as would any tax upon the value of the monopolist's products, in which the tax rate progresses as the price is increased. Such a tax must in many cases tend to induce the monopolist to lower his prices, by making high prices relatively less profitable than they were before the tax was imposed.

(4) The excise tax proposed would produce a continuous revenue and, as will be shown presently, a tax rate equal to five per cent of the tariff rate would yield a very large revenue. The five per cent rate is taken arbitrarily for illustrative purposes for reasons of simplicity. The determination of the proper rate would be, of course, a matter for careful, thorough, and expert study. Slight variations in the rate would bring about large variations in the amount of revenue yielded. For this reason the proposed tax would add a highly elastic feature to our revenue system.

As compared with other plans for supplementing our present federal tariff and internal revenue system, the one here advocated has the unique merit that it involves absolutely no discrimination of any kind and that it is levied directly upon persons who are benefited by the protective tariff. It can be readily reconciled with either the "benefit" or the "ability to pay" theories of tax-



ation. From the point of view of constitutionality it stands, as an indirect tax, on unassailable ground, in which respect it has an advantage over federal income, inheritance, or corporation taxes. Its adoption would make it possible for the federal government to leave the whole field of direct taxation and of experimentation with new and untried forms of taxes to the individual states.

(5) The possibilities of tariff revision under the balanced tariff system are not limited to matters in which the producers themselves would take the initiative. In fact, by supplying an adequate source of revenue, it should make it easier to secure a gradual revision of the tariff along desirable lines. At present, for example, revenue considerations are strongly urged by those who advocate the retention of the tariff on such necessities as sugar and rice, and on wool and other raw materials. The extent to which the revenue yielded by the proposed excise tax would do away with the necessity of resorting to import duties on such commodities, may be indicated by an examination of the tariff receipts for 1905, the latest year for which the results of the federal census of manufactures are as yet available. The following table shows the value of goods manufactured in the United States in 1905, according to the census of that year, classified according to the tariff schedules, and the average rate of duty collected upon similar articles imported under each of the specified schedules, together with a statement of what the yield of an excise tax equal to five per cent of the average tariff rate would have been. The estimate is not altogether accurate, because the various kinds and goods of articles in each schedule are subject to different rates of import duty, and probably enter into our domestic manufactures in somewhat different proportions than they do into our imports. The "average rate of duty collected" is merely the ratio of the total customs receipts under each schedule to the total value of the goods imported. The results are, however, accurate enough to be of significance for present purposes.<sup>2</sup>

<sup>2</sup> Because the purpose of the figures is only illustrative, no attempt is made to take account of the possible effects of the excise tax upon the quantity of goods manufactured. Any overestimate on this account of the yield of the excise tax is at least partly compensated for by the fact that the census of manufactures does not include the whole manufacturing product, but only that part of it which is produced by firms making a "standardized product" for the general market. Custom work of all kinds is thus excluded.

Schedule	Manufactured in U. S. (millions)	Average rate of duty collected (per cent)	Excise tax at 5% of duty (per cent)	Yield of excise tax (thousands)
A. Chemicals, oils, paints	\$578	30	1.5	\$8,598
B. Earths, earthenware, glass	427	58	2.9	12,107
C. Metals and manufactures of	3,130	39	1.9	59,475
D. Wood " " "	1,393	15	0.7	9,754
E. Sugar, molasses, and " "	418	56	2.8	11,573
F. Tobacco and manufactures of	331	109	5.4	17,880
G. Agricultural products, etc.	2,195	40	2.0	43,897
H. Spirits, wines, etc.	474	72	3.6	16,880
I. Cotton manufactures	1,014	54	2.7	27,881
J. Flax, hemp, jute, etc.	185	40	2.0	3,702
K. Wool and manufactures of	767	91	4.5	34,524
L. Silks and silk goods	133	53	2.6	3,465
M. Pulp, paper and books	549	25	1.2	6,587
N. Sundries	1,495	40	2.0	29,914
O. Other articles not provided for	459	20	1.0	4,585
Total	\$13,534			\$290,318

The customs duties collected on articles included in the foregoing list amounted in 1905 to \$166,967,000. This together with a revenue of \$290,318,000 from the excise tax would have amounted to \$457,285,000, whereas the total revenue collected by customs duties in 1905 amounted to only \$261,799,000. It is evident that the tariff might have been confined to the articles included in the table, and that the excise tax could have been as low as 1.5 per cent of the tariff duties and yet have produced as much revenue as was actually collected. The more important items not included in the figures given in the table were as follows:

	Duty (per cent)	Revenue (thousands)
Sugar and molasses.....	56	\$51,395
Wool .....	46	16,530
Fruit and nuts.....	42	5,774
Provisions, meat and dairy products.....	38	1,583
Fish .....	18	1,505
Breadstuffs ..	29	1,438
Vegetables .....	36	1,418
Rice .....	41	797
Iron ore .....	15	263
Salt .....	40	203

Under the system proposed, some or all of these duties might have been reduced or abolished altogether without impairing the federal revenues. It is apparent that such a reduction in the

tariff on the necessities of life and on important raw materials would in itself tend to lessen the present high cost of living. And there are, of course, the natural effects of such reductions upon other parts of the tariff—such as the effect of a reduction in the tariff on wool upon the tariff on manufactures of wool—to be taken into account.

It will be said, however, that the consumer will have to bear the burden of the excise tax, which would be shifted to him by the producers in the form of higher prices. This is to be admitted, so far as the goods affected are competitively produced, but it should be remembered that the consumer pays our present tariff duties in precisely the same manner. With the same federal expenditures, no more could be taken from his pocket by one device than by the other. Moreover, so far as the goods affected are produced by monopolies, there are, as we have seen, reasons for thinking that in many cases the prices charged consumers would be decreased rather than increased by the excise tax. But a yet more important aspect of the question, in relation to the question of the consumer's interests, is the possibility which the proposed new source of revenue affords of gradually reshaping the tariff so that it will bear less heavily upon the necessities of life and upon other articles which occupy an important place in the purchases of the great masses of the people.

One possible general objection to the whole theory of the balanced tariff remains to be considered. It will very likely be said that it involves the recognition and maintenance of the protective principle; that in reality it strikes more heavily against the revenue features than against the protective features of our present tariff. More especially, it may perhaps be urged, its tendency to keep tariff duties near the minimum below which foreign goods could be profitably imported, amounts to a recognition of the so-called principle of the "equalization of the costs of production" as the foundation of tariff reform.

In answer to all this it may be said, first, that the notion of the balanced tariff conflicts with the notion of a revenue tariff only in so far as revenue needs serve as an apology for unduly high protective duties or for the heavy taxation of necessities, and, second, that the balanced tariff is not meant to involve the abandonment of the principle of protection. It is presented merely as a practicable scheme of tariff reform, in which due at-

tention is paid to revenue features. The widespread popular dissatisfaction with our present tariff does not in general seem to proceed from dissatisfaction with the protective principle so much as from the knowledge that in many cases the rates are much higher than are really necessary for the protection of home producers. That is, it is felt that the protective tariff should not be a shield for laxity in industrial or business methods or for the extortions of monopolies or combinations.

Conceding that the principle of the "equalization of the costs of production" affords no guide to the selection of the particular industries that should have the benefit of protection, it may yet be maintained that it furnishes about the only practicable guide to any tariff revision which does not involve the complete or partial abandonment of the protective principle. The recent report of President Taft's Tariff Board on the woolen schedule indicates that statistics of "comparative costs" are apt to be too complicated and too indefinite to be of much direct value in tariff legislation. The balanced tariff would achieve its end by placing less reliance upon statistical investigations than upon the self-interest and initiative of the producers directly benefited by the protective duties. It assumes that if producers had to pay for the protection afforded them, they would not care to pay for more protection than they need. Furthermore, in addition to its direct effect on the reduction of unduly high protective duties, it would make easier the gradual general revision of the tariff under the initiative of a tariff commission or of Congress, and in such a revision it would make it possible to shape the tariff in accordance with a broad consideration of the public welfare, relatively unhampered by the exigencies of the revenue system.

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## JEVONS' "THEORY OF POLITICAL ECONOMY."

None of the various filial services which Professor H. S. Jevons has performed in the way of rounding out and making more accessible his father's work will be received more gratefully by economists than the new edition of his most important book on economics.<sup>1</sup> Except for a few corrections and explanatory notes the body of the book is a reprint of the third edition, which has been out of print for some years, but some important new matter is given in the appendices. The promised extension of the bibliography of mathematical economics does not carry it beyond the year (1879) to which it had been brought in the third edition by Mrs. Jevons. Some new titles have been added, but the list as it stands is less complete than that part of the bibliography in Fisher's edition of Cournot which covers the same period. There are included, however, some interesting and previously unprinted notes by W. S. Jevons on a few of the writings of his predecessors and contemporaries.

It happens that it was just fifty years ago that Jevons, then twenty-seven years old, sent to the British Association meeting at Cambridge a short paper entitled, "Notice of a General Mathematical Theory of Economy." This was accompanied by another paper on "The Study of Periodic Commercial Fluctuations." Jevons' innovations in theory do not seem to have attracted much attention at the time of this, their first public presentation. He wrote to his brother that he was informed by the secretary that both papers "were read before the F Section, and the second [the statistical study] was approved of."<sup>2</sup> Jevons had become interested in political economy in the course of the extensive reading which filled most of his spare hours during the years from 1854 to 1859, while he was serving as Assayer of the Mint at Sydney, Australia. His conviction, then formed, that the field of "social science" had been unsatisfactorily tilled by previous writers and that it was a field in which he might hope to accomplish work of

<sup>1</sup> *The Theory of Political Economy*, by W. Stanley Jevons, *with Notes and an Extension of the Bibliography of Mathematical Economic writings* by H. Stanley Jevons. (Fourth edition. London: Macmillan and Company, Ltd. 1911. pp. lxiv, 339.)

<sup>2</sup> *Letters and Journals of W. Stanley Jevons*, Edited by his wife, p. 169.

importance, were among the reasons which led him to resign a fairly lucrative position and to return to England and an uncertain future. During the four years immediately following, Jevons completed his work for the B. A. and M. A. degrees at University College, London, where political economy continued to claim a considerable share of his attention. Two letters written to his brother in 1860 are worth quoting:<sup>3</sup>

During the last session I have worked a good deal at political economy; in the last few months I have fortunately struck out what I have no doubt is the *true Theory of Economy*, so thoroughgoing and consistent, that I cannot now read other books on the subject without indignation. While the theory is entirely mathematical in principle, I show, at the same time, how the data of calculation are so complicated as to be for the present hopeless. Nevertheless, I obtain from the mathematical principles all the chief laws at which political economists have previously arrived, only arranged in a series of definitions, axioms, and theories almost as rigorous and connected as if they were so many geometrical problems. One of the most important axioms is, that as the quantity of any commodity, for instance, plain food, which a man has to consume, increases, so the utility or benefit derived from the last portion used decreases in degree. The decrease of enjoyment between the beginning and end of the meal may be taken as an example. And I assume that on an average, the *ratio of utility* is some continuous mathematical function of the quantity of commodity. This law of utility has, in fact, always been assumed by political economists under the more complex form and name of the Law of Supply and Demand. But once fairly stated in its simple form, it opens up the whole of the subject. Most of the conclusions are, of course, the old ones stated in a consistent form; but my definition of capital and law of the interest of capital are, as far as I have seen, quite new.

. . . I expect every success from my theory of political economy, which seems to develop itself with that facility which is a proof of its soundness. It assumes the form of a complicated mathematical problem, from which all the common laws with due limitations flow. Independently, however, of the mathematical form, it has led me to a new view of the action of *capital*, which affords a determining principle for *interest*, profits of trade, wages; and I now perceive how the want of knowledge of this determining principle throws the more complicated discussions of economists into confusion. The common law is that demand and supply of labour and capital determine the division between wages and profits. But I shall show that the whole capital employed can only be paid for at the same rate as the *last portion* added; hence it is the increase of produce or advantage, which this last addition gives, that determines the interest of the whole.

<sup>3</sup> *Letters and Journals*, pp. 151, 155.

These letters are significant, not so much because they have some bearing upon the more or less futile questions relative to Jevons' priority in the formulation of certain theories or the use of a particular method, as because they foreshadow so completely the tenets of the *Theory of Political Economy* of 1871. The book contains very little of importance beyond the matters mentioned in the letters of 1860. The printed abstract of the British Association paper of 1862,<sup>4</sup> in fourteen separate propositions, makes clearer the hedonistic basis of the new theory, explains the nature of the proposed mathematical equations, states the new definition of capital, and adds a tentative theory of wages. During the next few years Jevons gave his spare time to various studies in statistics and in logic and to his book on *The Coal Question*. When, in 1866, his paper on "A General Mathematical Theory of Political Economy" was first published *in extenso*,<sup>5</sup> it had received no revision. Logical studies, including some preliminary work on his *Principles of Science* continued to absorb his attention until the winter of 1870-71, when, Mrs. Jevons tells us,<sup>6</sup> "he returned with renewed interest to political economy and devoted himself entirely to the writing of *The Theory of Political Economy*. This work was of such absorbing interest to him that he made rapid progress with it." Some correspondence with Fleeming Jenkin relative to the use of the mathematical method in economics and the publication, in 1870, of Jenkin's "Graphic Representation of the Laws of Supply and Demand" in Grant's *Recess Studies* seem to have led Jevons to hasten this completer presentation of his own theories.<sup>7</sup>

Despite Jevons' growing reputation, the book was slow to make a place for itself. In 1874 Jevons wrote to M. d'Aulnis de Bourouill of the University of Leyden, "What I have written on the subject of mathematical economics has received little or no attention in England, and by those who have noticed it the theory has been generally rejected, or even ridiculed."<sup>8</sup> The "Saturday Review" had printed a review of the *Theory* by Cairnes, who did not let his confessed inability to understand much of the argument pre-

<sup>4</sup> *Report of the British Association for the Advancement of Science, 1862*, Notices and Abstracts, p. 158.

<sup>5</sup> *Journal of the Statistical Society*, vol. XXIX, p. 283. Reprinted as Appendix III in the present edition of the *Theory*, pp. 303-314.

<sup>6</sup> *Letters and Journals*, p. 251.

<sup>7</sup> H. S. Jevons' preface to the present edition of the *Theory*, p. lvii.

<sup>8</sup> *Letters and Journals*, p. 309.

vent him from handling it severely. Marshall had contributed to the "Academy" an able and discriminating review, which, although fair, was in no manner enthusiastic. The only English writer of importance who definitely espoused the cause of the mathematical method in general and Jevons' theories in particular was G. H. Darwin, who, in reviewing Cairnes' *Leading Principles* in the "Fortnightly Review" in 1875 defended Jevons' *Theory* against Cairnes's criticisms. It seems, however, that from the first the book had attracted somewhat more attention on the Continent than in England. Appreciative letters from such men as Walras, Bodio, and d'Aulnis de Bourouill and the ensuing correspondence with them must have done much to support Jevons' confidence in the soundness and importance of his own work and to quicken his desire to extend his analysis to other parts of the field of economic theory. Even his discovery that he was not the only one nor even the first in the field—that the very fundamentals of his theory had been anticipated in the forgotten writings of Gossen and Dupuit; that Walras, working independently, but almost contemporaneously with himself, had utilized methods and reached conclusions which were in many respects like his own; that Cournot had applied the mathematical method to a somewhat different class of problems with unequaled power and fluency—whetted rather than dulled his enthusiasm. Whatever disappointment he may have felt that some honor of priority was taken from him was more than balanced by the satisfaction that his theories rested upon so broad a basis of authority.

It was not long, however, before the *Theory* began to gain a more serious consideration in England than it had received at first. Jevons' standing as a logician of the first rank had been firmly established by the publication of *The Principles of Science*, and his continued output of brilliant studies on a wide variety of topics reached an appreciative and growing audience. In short, he had become a man to be reckoned with. The revolt against the political economy of the orthodox line, headed by Thornton, and continued by Cliffe Leslie and Ingram led some few persons, at least, to look for a new economic gospel. And the growing influence of Marshall's teaching at Cambridge was not without its effect. In 1875 Jevons wrote to Walras:<sup>9</sup>

<sup>9</sup> *Letters and Journals*, p. 332. In 1881 he wrote to the same correspondent, "I am glad to say I think the mathematical view of economics is making much progress in England, and is fully recognized by those competent to judge." *Ibid.*, p. 431.



I think that a considerable change of opinion is taking place in England. Various correspondents express their acquiescence, and some of the professors are beginning to bring the theory before their students. When I was in Cambridge two months ago I found that the subject was much better understood there than I had supposed, and I have little doubt about its gaining ground ultimately. . . . I have no doubt whatever about the ultimate success of our efforts, but it will take some fighting; the disciples of J. S. Mill being bitterly opposed to any innovation upon his doctrine.

The second edition of the *Theory* (the last edition during Jevons' lifetime) appeared in 1879. The most important additions besides the bibliography of mathematical economics and the lengthy and interesting preface, are the discussions of the "dimensions of economic quantities." Here Jevons illustrates to perfection his extraordinary power of raising new questions of the utmost significance, without satisfactorily solving them. In some respects, one is forced to feel, his treatment of the "dimensions of economic quantities" is perfunctory and superfluous, while in other respects it is suggestive but tantalizingly incomplete and not altogether accurate.<sup>10</sup> But for the most part the second edition follows closely the lines of the first, and the first is little more than a working-out of the theses announced in 1862 and foreshadowed in the letters of 1860.

These facts, fairly well known for the most part, in the history of a book now become a classic, suggest in themselves the strength and the limitation of the work. In the preface to the second edition Jevons stated that the book "was never put forward as containing a systematic view of economics. It treats only of the theory and is but an elementary sketch of elementary principles. The working-out of a complete system based on these lines must be a matter of time and labor, and I know not when, if ever, I shall be able to attempt it."<sup>11</sup> Even more accurate is his description of the work as "a bare and imperfect outline of some of the more important theorems of political economy."<sup>12</sup> In fact, the book does not furnish even the skeleton of a system of economics. It contains only the uneven results of Jevons' attempts to expand and correlate his brilliant suggestions of 1862. Despite his continued in-

<sup>10</sup> This matter has been carefully discussed by Mr. P. H. Wicksteed, in the *Quarterly Journal of Economics*, vol. III, pp. 297-314.

<sup>11</sup> Fourth edition, p. xliii.

<sup>12</sup> Jevons to d'Aulnis de Bourouill, *Letters and Journals*, p. 309.

terest in these doctrines, the many and varied other interests of the author and his fertile originality kept his enthusiasm constantly centered on new intellectual problems. The *Theory* as it stands was written under the pressure of a sense of unfulfilled duty to himself and to his own reputation. Jevons' intellectual independence was too rugged and his antipathy to the school of Mill too deep to permit him to fit his own theories loosely into the general body of economic doctrine by a process of easy eclecticism. Not that he did not consciously accept and utilize certain established economic doctrines, such as the theory of land rent, but rather that all such had to be wrought over in his own thinking and thoroughly amalgamated with his own theoretical departures. The book, then, is not inconsistent, but rather, as was suggested, uneven and unsystematic. At one point we find, for example, such marks of staleness as tedious mathematical elaborations of truisms in the theory of exchange; at another point a brilliant but uncrystallized theory of interest. The first four chapters are, in general, more completely elaborated than are the remaining four. No one realized these deficiencies more clearly than Jevons himself. It was his hope to complete a large systematic treatise on political economy, which should embody his own views but which should be non-mathematical and in other ways less technical than his *Theory*. The disappointing fragments of the *Principles of Economics* do not enable one to say with any confidence that the project, if completed, would have been successful.<sup>18</sup>

The *Theory of Political Economy* is one of those books which are more widely quoted than read. There are indications, moreover, that the preface and the first three chapters are somewhat better known than the balance of the book. It is unfortunate for both Jevons' reputation and his influence that such should be the case, for the last three chapters contain the outlines of his theory of distribution, which, fragmentary as it is, is by no means a negligible contribution to economic science. Even the better known parts of the *Theory* are worth a reconsideration at this time, if for no other reason than that new currents of economic thought have brought Jevons' work into a somewhat different perspective than that in which it appeared to his contemporaries.

"The admirably lucid *Primer of Political Economy* does not throw any light upon the question of Jevons' power to weld his doctrines into an effective and rounded system of economic theory. Intended for elementary schools, it contains little theory, and what there is is mostly of a conventional sort.

Jevons was the first significant writer consciously to blend English utilitarianism with the theories of abstract economics. And no subsequent writer has more unqualifiedly and definitely accepted the hedonistic interpretation of economic motives. So extended is his discussion of the calculus of pleasure and pain and so explicit is his reliance upon it, that it might easily be inferred that the significance of his whole theory hinges upon the adequateness of the hedonistic psychology. But such, I think, is not the case. Mr. Wicksteed, himself a disciple of Jevons, has clearly shown in his *Common Sense of Political Economy*, that the notion of "marginal significance" retains as much validity when instincts and habits are counted among the forces governing men in their economic relations as when only "economic men," actuated solely by a reasoned pursuit of a maximum of pleasure, are postulated. Pareto, although many of his doctrines (especially those relating to the *maximum d'ophélimité*) are, like those of Walras, essentially hedonistic, is careful to point out that his general theory of "economic equilibrium" does not rest upon the postulate of utility (*ophélimité*).<sup>14</sup> Jevons' theories of exchange and distribution could be similarly divorced from their apparently hedonistic basis without substantial alteration of their essential features, and with a distinct gain in the flavor of actuality.

Jevons' elaborate exposition of the theory of utility was not, however, without purpose. The *Theory* embodies a protest against the economics of Ricardo and Mill. The chief count in the indictment was their neglect of the factor of utility in the "utility and scarcity" couplet, and it devolved upon Jevons to give this factor what he thought was its rightful position of primacy. But his interest in the analysis of utility went farther than establishing it as the psychological basis of the theory of catallactics. In Jevons' view economics and ethics were inseparably connected. "The object of economics," he says, "is to maximize happiness by purchasing pleasure, as it were, at the lowest cost of pain."<sup>15</sup> Jevons seems to have hoped that the principles of economics would be useful guides to individual as well as to social action. This would, of course, involve a curiously circular system, for his general economic principles were supposedly deduced only from assumptions as the

<sup>14</sup> *Manuel d'économie politique*, p. 169, note.

<sup>15</sup> *Theory*, p. 23. Compare the frequent assertions of the ethical purpose of economics in the *Primer*.

motives which do actually operate in economic intercourse. But Jevons' utilitarian ethics could be eliminated from his work even more easily than his hedonistic psychology. Whatever would have been the position of ethics in his completed system, the book as it stands is confessedly concerned only with "the mechanics of utility and self-interest."<sup>16</sup>

The most famous contribution of the *Theory* is the concept of the "final degree of utility." This concept is not precisely like the concept of "marginal utility," with which it has usually been identified. For practical purposes both concepts come to about the same thing, and such difference as there is may be attributed to the fact that the concept of "marginal utility" was not, in its origin, mathematically formulated.

The final degree of utility is, substantially, the quotient of marginal utility (conceived as the utility of the marginal increment) divided by the size of the marginal increment, where this increment is very small. More accurately, it is the *ratio* of the increase in total utility to the increase in the quantity of the commodity *at the margin*. "Final degree of utility" is not only the more precise notion but it has the further advantage of being conceptually independent of the nature of the unit (pounds, bushels, yards, etc.) in which the commodity in question is usually measured. This latter quality made possible its convenient use in Jevons' "equations of exchange."<sup>17</sup> But marginal utility is the less abstract concept, and is undoubtedly better adapted to popular exposition.

Jevons did not utilize the notion of "subjective value" in his theory of exchange, although he suggested that final degree of utility is synonymous with value in the sense of "intensity of desire or esteem for a thing." What Jevons, in common with other mathematical economists, primarily concerned himself with was the *ratio of exchange*. His fundamental theorem is that the ratio of exchange of two commodities is inversely proportional to their final

<sup>16</sup> *Theory*, p. 21.

<sup>17</sup> The theorem that a person tends to adjust his expenditures so that the "marginal utilities" of the various commodities consumed are equal is, of course, true only when it is stipulated that the marginal increment is conceived as the amount of a commodity that can be bought with a dollar or other small unit of money. When "final degrees of utility" are involved, the theorem holds true without qualification. "Marginal utility" is, for this reason, poorly adapted to the analysis of barter. "Final degree of utility" is the precise equivalent of Pareto's *ophélimité élémentaire* and of Walras' *rareté*.

degrees of utility. Final degree of utility is thus used, not as measuring value, but as determining a proportion.

The mathematical statement of this principle took the form of the well-known "equation of exchange," which remains Jevons' most substantial contribution to distinctly mathematical economics.<sup>18</sup> It cannot be said, however, that this equation has proved itself a useful tool in economic analysis. It assumes direct barter between a pair of traders. Professor Edgeworth has shown in his *Mathematical Psychics* that, given under these conditions only the functions which express the utility to each of the traders of the commodities to be (partly) exchanged, the ratio of exchange will be indeterminate. Either the quantities exchanged or the rate of exchange itself must be given to make the problem determinate. Jevons meets the difficulty by invoking the "law of indifference" (that there cannot be more than one price for any one article in the same market at the same time). This means, of course, that his traders are not to be considered as isolated, but as members of a general market. There are, however, substantial reasons for thinking that postulating the "law of indifference" is equivalent to assuming the existence of a general medium of exchange.<sup>19</sup> Jevons did not realize that he had implicitly made such an assumption. Like many other economists he seems to have considered purchase and sale and money prices as only the superficial aspects of barter and of direct "ratios of exchange." By thus neglecting to deal directly with the positive facts of the market, he forfeited something of scientific precision as well as some advantage in exposition.

When we pass from the bargains struck by pairs of traders to the larger problem of the determination of the ratios of exchange in the general market, the difficulties of Jevons' methods are multiplied. Jevons avoids rather than meets these difficulties by utilizing the concept of the "trading body," which "may be a single individual in one case; it may be the whole inhabitants of a continent in another; it may be the individuals of a trade diffused through a country in a third. England and North America will be trading bodies if we are considering the corn we receive from America in exchange for iron and other goods. . . . The

<sup>18</sup> It is, for example, the only formula in the *Theory* mentioned by Pareto in his article "*Anwendungen der Mathematik auf Nationalökonomie*," in the *Encyclopädie der mathematischen Wissenschaften*. The equation is identical with Walras' "equation of maximum satisfaction."

<sup>19</sup> Cf. Marshall, *Principles of Economics*, fifth ed., appendix F.

farmers of England are a trading body when they sell corn to the millers, and the millers both when they buy corn from the farmers and sell flour to the bakers."<sup>20</sup> The trading body, whatever its nature, is made to play the role of an individual trader. Thus, by the equation of exchange, the ratio at which English iron is exchanged for American wheat is the reciprocal of the ratio of the final degree of utility of iron to the final degree of utility of wheat, which latter ratio must be the same for both trading bodies. Jevons was too clear a thinker really to adopt the vague concept of "national (or group, or social) final degree of utility." But he thought that the economic laws representing the conduct of groups might be thought of as "fictitious averages" of the laws representing the conduct of the different individuals in the group.

The highly abstract and figurative nature of the concept of the "trading body," as applied to the whole group of dealers in a commodity, is indicated by the fact that if it were taken in any literal sense the market could not be supposed to be competitive. With all the millers and all the bakers in England conceived rigidly as a single pair of traders, the "law of indifference" could not be invoked, and the equation of exchange would not lead to a determinate ratio of exchange. Jevons' refusal to assume a general medium of exchange is primarily responsible for these difficulties. When the existence of money is taken into account Jevons' equation of exchange leads very naturally to the analysis of *supply and demand at a price*. In discussing Thornton's criticism of the "laws of supply and demand," Jevons for the moment slips into the vocabulary of the money economy: "Any change in the price of an article will be determined not with regard to the large numbers who might or might not buy it at other prices, but by the few who will or will not buy it according as a change is made close to the existing price."<sup>21</sup> Jevons fails to see the inconsistency of this now generally received principle of the significance of marginal traders with his own notion of the operations of a trading group as an average of the operations of its members, and its perfect consistency with the theory of market value for which he takes Mill to task.

Jevons' discussion of the relation of the costs of production of

<sup>20</sup> *Theory*, p. 88.

<sup>21</sup> *Theory*, p. 109. In the *Primer*, p. 100, he uses the very "equation of demand and supply" for which he criticises Mill in the *Theory*, p. 101.

commodities to their ratios of exchange is also based on the hypothesis of a barter economy, and is subject, in general, to the same limitations that obtain in his treatment of the relation of utilities to ratios of exchange. The ratio of exchange of two commodities is held to be directly proportional to the "degrees of productiveness of labor applied to their production." The "degree of productiveness of labor" is the ratio of product to the labor expended in producing it at the margin where the degree of disutility of labor is equal to the degree of utility of the product. Costs of production (in labor) are, of course, inversely proportional to the "degrees of productiveness."

In this manner Jevons develops new equations of exchange in which cost of production plays precisely the same rôle assigned to utility in his previous equations. His argument that the significant fact, however, is utility rather than cost of production, opened up a whole field of controversy which need not be surveyed here.<sup>22</sup> It may be noted, however, that Jevons' position on this question is completely disassociated from his general theory of exchange, and the reasons he gives for his attitude are extraneous to the general run of his analysis. Furthermore, in his brief for the dominance of utility he breaks with his resolution to use the term "ratio of exchange" instead of "value" wherever possible, and his argument seems to be somewhat dependent upon the dubious meaning of the latter word. Finally, it is obvious that his criticism of the "cost of production theory of value" had no bearing upon the prevalent form of that theory, which was simply a statement of admitted facts relative to long-period price tendencies under conditions of free competition.

The central point in Jevons' theory of distribution is his doctrine of interest. It is an indication of the comparative neglect of the latter portions of the *Theory* that only one writer,<sup>23</sup> so far as I know, has credited Jevons with the marginal productivity theory of interest. Not even the similarity of the diagram<sup>24</sup> which Jevons uses to illustrate his theory to those used in recent expositions of the marginal productivity theory seems to have been noticed. In fact, however, there is an important difference between

<sup>22</sup> So far as the validity of Jevons' own arguments is concerned, Marshall's criticism in his *Principles*, fifth ed., Appendix I, seems to me to be definitive.

<sup>23</sup> G. Cassel, *The Nature and Necessity of Interest*, pp. 52-55.

<sup>24</sup> *Theory*, p. 258.

Jevons' statement of the theory and its more recent formulation. Jevons did not utilize the principle of *diminishing productivity* in the way in which it has been more recently expounded. Considering the function of capital to be to extend the interval of time "between the moment when labor is exerted and its ultimate result or purpose accomplished,"<sup>25</sup> he defined capital as the "aggregate of those commodities which are required for sustaining laborers of any kind or class engaged in work."<sup>26</sup> Capital may be "invested in" factory buildings, machines, and other auxiliary instruments of production, but the "stock of capital" is the stock of sustenance. Consequently interest appears as created by a larger product, got when a given amount of labor is distributed through a longer period of time. Moreover, he assumed, without proof, that the product for the same amount of labor "varies as some continuous function of the time elapsing between the expenditure of the labor and the enjoyment of the result." It is to the period of the investment, then, rather than to the amount of the capital invested that he attributes diminishing productivity.

It should be remembered, however, that here, as in his theory of exchange, Jevons is endeavoring to dig below the surface of our money economy. His "investment of capital" is a social process, and not a matter of the expenditures of individual entrepreneurs. The modern form of the theorem of diminishing productivity rests upon the analysis of entrepreneurs' costs. By a somewhat generous interpretation Jevons' theory might be said to imply substantially the facts that are utilized in the modern form of doctrine.<sup>27</sup> On the whole, however, his theory bears a closer relation to Böhm-Bawerk's doctrine of the "technical superiority of present goods" than to the current marginal productivity theory.

Other features of Jevons' theory of distribution need less consideration. He accepts the orthodox theory of rent and propounds

<sup>25</sup> *Theory*, p. 228.

<sup>26</sup> *Theory*, p. 223.

<sup>27</sup> An attempt to show this agreement has been made by H. S. Jevons in Appendix I to the present edition of the *Theory*. A previously unpublished fragment on capital intended to form part of the unfinished *Principles of Economics* is printed as another appendix. Its most interesting innovations are the substitution of "capitalization" for "capital" and the implication that interest attaches only to free capital, fixed capital getting its reward in the form of rent or (as in the case of investments for a man's education) in wages. By "capitalization" Jevons means the amount of the capital multiplied by the period of investment.



a residual claimant theory of wages. He seems to have been led to this latter doctrine by his marginal productivity analysis. Using labor as the fixed, and capital as the variable, factor, wages naturally appeared as a surplus or residuum on the product of all but the final increment of capital. The possibility of treating capital as the fixed factor and labor as the variable seems to have escaped his notice.

Some general aspects of Jevons' use of the mathematical method remain to be considered. The book is probably the best known single brief for the use of that method. But the work itself is mathematical only in a superficial way. Except for its use of mathematical symbols it is, for the most part, mathematical only in the sense that any economic reasoning dealing with changing quantities and ratios is *ipso facto* mathematical. Cournot (to take the best exponent of the possibilities of the method) entrusted himself to his symbols, and by means of strictly mathematical processes reached some conclusions which were neither obviously implied in his premises nor likely to be easily discerned by the ordinary processes of non-mathematical reasoning. There is no question but that some of Jevons' fundamental concepts presented themselves to him as mathematical quantities. But his manipulation of these concepts is for the most part non-mathematical. Jevons was not an accomplished mathematician and he did not think easily in mathematical terms. In some places the awkwardness of his mathematical processes<sup>28</sup> indicates that he is giving a mathematical garb to results reached by non-mathematical reasoning. Such attempts as he makes to develop some of the mathematical possibilities of his concepts are fairly perfunctory. It should also be observed that his use of the differential calculus is more apparent than real. "Final degree of utility," for example, although conceived as a derivative is treated as an algebraic ratio. His equations are also consistently algebraic. There seems to be no reason for questioning Marshall's judgment that "the book would be improved if the mathematics were omitted, but the diagrams retained."<sup>29</sup>

It is difficult to estimate the amount of Jevons' influence, because it is impossible to disassociate it from that of Walras, Sax, Menger,

<sup>28</sup> Cf. especially pp. 127-134 of the present edition.

<sup>29</sup> *Academy*, vol. III, p. 132.

Böhm-Bawerk, Marshall, and others. In England the line of filiation runs clear only in the case of Professor Edgeworth, who has taken Jevons' work for the point of departure of some of his own brilliant developments of mathematical economics, and of Mr. Wicksteed, in whose work we find a rare degree of originality coupled with a faithful adherence to Jevons' general point of view and to some of his leading doctrines. In Italy, where a translation of the *Theory* appeared in 1875, Jevons wielded for some time a considerable influence, but in later years the influence of the Lausanne school seems to be dominant (so far as mathematical economics is concerned). In Germany, Scandinavia and Holland, individual writers such as Launhardt, Auspitz and Lieben, Wicksell, Cassel, and Pierson are to be counted among those who have followed Jevons at one point or another. In the United States, of course, Jevons' influence has been quite overshadowed by that of the Austrians.

It is clear, however, that although Jevons did not bring about the revolution in economic theory which he desired, the current body of economic doctrine is measurably different from what it would have been if Jevons had not written. His doctrines have been absorbed into the general structure of economic theory and reconciled with the political economy of the Ricardian line in a manner which we may suppose Jevons would have neither imagined nor wished. But the position of the *Theory* as one of the four or five great books of nineteenth century English political economy is secure. It retains in a surprising degree the quality of making a fresh and vivid appeal to the reader's interest. Its transparent intellectual honesty and the entire absence of scientific pose also commend it. If only by the dissent which it may compel, it still directs the attention of the thoughtful reader to the fundamental problems of economic theory.

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## OPPORTUNITY COST

One of the most fruitful sources of confusion in recent economic thought lies in the difference between the social and the individual point of view. No economist, the writer believes, has ever carried out a consistent analysis from either point of view; and the result has been a notable lack of clarity. The writer suspects that some thinkers have even shifted unconsciously from one to the other way of looking at things, a procedure which, of course, is fatal to precision of analysis. The difference in scope and function of economic factors as viewed from the often divergent interests of mere individual and social individual permeates all the elementary concepts of the science. The concept of cost, however, is one of the latest to have become involved in the confusion, and it is toward that one element that this article is directed.

The two points of view, social and individual, as involved in cost, may be confused in at least two ways. (1) They may both be adopted without logical discrimination and used in a treatment which on the whole is either "societistic" or individualistic. This is the more common fault. It appears, for example, in a widely used text, through the inclusion in a list of costs of some which are valid only from the one viewpoint and others which are valid only from the other viewpoint.<sup>1</sup> (2) But a no less serious shortcoming is apparent when the one is adopted, not with due recognition of the existence of the other, but as superseding that other. That, too, is confusion in its way. In the past, certain German "Nationalists" and the Frenchman, Sismondi, in belittling analysis which had proceeded from the individualistic viewpoint illustrated, perhaps, such a confusion. Today, those who would supersede the social viewpoint show this tendency. Professor H. J. Danvenport is undoubtedly the most consistent and vigorous representative of the last mentioned tendency, and his brilliant thought in this field has already exerted some influence. The confusion of the first type is witness to this fact.

It is the writer's purpose in what follows to show that the social viewpoint cannot logically be superseded and that a purely individualistic concept of cost is fatal to fundamental economic analysis. For the most part the discussion will run upon the

<sup>1</sup> Ely *et al*, *Outlines*, pp. 125-126; also Taylor, F. M., *Principles of Economics*, pp. 44-51.

significance of the entrepreneur viewpoint with regard to costs and the true meaning of "opportunity cost," so-called; for it is in these particular points that the individualistic confusion of costs appears in most striking form. The one-sided and exaggerated individualism of a few thinkers fails to keep the balance between fundamentals and intermediate processes. Just as there is danger of going too far in emphasizing the significance of money in price determination, so there is danger of overemphasizing the significance of the entrepreneur, and with this danger is associated the more fundamental one of putting the individual's estimate in the place of the forces which determine that estimate. While the most thoughtful representatives of extreme individualistic analysis make qualifications that render it difficult to "pin them down," it is clear that they hold that any attempt to explain price on the supply side "is hopeless unless in terms of constant reference" to entrepreneurs' "opportunity cost,"<sup>2</sup> and that the supply of factors in any industry together with the outlay for them is determined *for the most part* by "the relative remunerations possible in competing industries or under competing employers."<sup>3</sup>

The writer will endeavor to demonstrate: (1) that this reasoning begs the point in question in economic analysis; (2) that the so-called "opportunity cost" is not a cost in any true or price-determining sense; and (3) that the importance of the entrepreneur viewpoint, being quite secondary, has been exaggerated and made the basis of serious error.

(1) The burden of the extreme individualistic analysis is the relation of cost to value or price. Yet in dealing with this relation it is tainted throughout by that plague of logic, question begging. Is it not obvious that no fundamental examination of a relation can be completed where one element of the relation is taken for granted? Now the individualistic or entrepreneur analysis takes price for granted. Perhaps this is most notable in the reasoning on "opportunity cost." Here the burden of the argument is that costs are largely, if not entirely, relative sacrifices and are determined by the alternatives or opportunities which are open to a producer. Costs, to economists of this type, seem measured by comparing one "advantage" with another or by balancing the

<sup>2</sup> Davenport, "Cost and Its Significance," *AMERICAN ECONOMIC REVIEW*, vol. I, p. 743.

<sup>3</sup> Davenport, *Value and Distribution*, p. 382, n.

"desirabilities" of two employments. For example, an entrepreneur is assumed who sells hats which involve "outlay and trouble" equivalent to \$1.75 (assumed), at \$2 (assumed), thus getting a profit of 25 cents on each hat. If, with the same "outlay and trouble," the entrepreneur could sell shoes at \$1.90 (assumed), the price of hats could not fall below \$1.90 without his leaving the hat business. Therefore his cost is \$1.90—not the "outlay and trouble." At \$1.90 the hat man would be a marginal producer; marginality is thought of as a matter of relative "gain."

But it will be observed that what is compared here is "gain" or "advantage." Now gain or advantage is a net concept; it depends upon a comparison of outlay and trouble on the one hand with price income on the other. It can be conceived of in no way but by taking for granted the price from which the income (the excess of which measures gain) is derived. How, then, can one thus gravely set about basing the costs which are to enter the entrepreneur's business plans upon a calculation which assumes the prices which he is to get for his products? The very question is to learn how costs enter the determination of prices. The answer begs the question.

To make the same point a little more concretely, take the hat-shoe illustration. The \$2 per hat is the exchange value of the hat stated in terms of a money medium; so also is the \$1.90 received for shoes. How does the \$1.90 affect the \$2? Why is it not \$2.25 instead of \$2, or \$1.75 instead of \$1.90? Granting competition, most economists would answer: "because these amounts would be either in excess of or below costs." The established analysis, in a word, regards costs as absolute quantities of sacrifice.

The opportunity theorist says, when hats fall to this alternative shoe price of \$1.90, the hat producer with the alternative will be on the margin—will be a marginal hat producer. But a marginal increment, if of any determinative significance, is one in which marginal utility and marginal disutility coincide and which sells for just enough to cover expenses; whereas the \$1.90 hat man is still making 15 cents above absolute costs, and his shifting can neither stop a fall in the price of hats to \$1.75 if the demand for hats continues to decrease, nor a similar fall in the price of shoes under similar conditions. In assuming that the alternative is a margin, the reasoning overlooks the fact that marginality in production is an absolute condition set by effective desires of buyers

and the expenses of producers, and so allows the price quality to creep into that which it would make price-determining. Alternative or "opportunity" is a mere index. The alternative and the price and the margin are all contemporaneously determined by the same forces. The true significance of the "opportunity" margin appears from the fact that it *always* comes into play *after* prices change.

The fact that this relative, so-called "opportunity cost" begs the question by assuming value, may be brought out in another way. The procedure followed by these who would illustrate this cost is more complex than is always apparent. It involves at least three comparisons: (1) the utility of one alternative is compared with its cost; (2) the utility of the other alternative is compared with its cost; (3) finally the net results of comparisons 1 and 2 are themselves compared. Thus the net results of two alternatives are judged and evaluated. In the first two comparisons, value is involved. Questions like this of *net* quantities are always questions of value. Indeed this opportunity-cost basis is not a cost basis in any ultimate sense; it is a matter of relative *values*.

Professor Davenport admits there is some circularity in the opportunity-cost analysis, but states that such costs cannot be said to draw their value as costs from the value of that very product in the production of which they function as costs. In view of the simple facts of the case as stated in the preceding paragraph, however, it is evident that a large part of the value of such costs is drawn from that very source. "Opportunity costs" have no meaning at all unless the values of the products involved are compared.

But the thought occurs to one, "Is this, after all, not a special case of the doctrine of comparative costs? And are comparative costs not costs?" In answer it may be stated at once that that doctrine in no way reduces the importance of absolute costs, for the relative quantities compared are based on absolute costs. Moreover, it, too, takes price for granted. Take two nations, A and B, one of which, A, can produce both hats and shoes cheaper than the other, but has the greater advantage in hats. That nation, A, will produce hats, and secure its shoes, possibly by trading hats for the product of the other nation, B. Has any one ever thought that the price of shoes in nation B is a cost to nation A?

The defender of "opportunity cost" points out that certain

economists appear to recognize such a cost in that they say that a minimum profit is set by what entrepreneurs could get as wage-earners. This statement is not without foundation, and the writer would here call attention to the fact that unless carefully guarded, the discussion of minimum profits so common in our texts<sup>4</sup> is open to the same criticism as is the "opportunity-cost" notion in general. The trouble sometimes lies in a confusion of wages with profits. If the two are the same sort of return, then they shade into one another and have a common margin of determination. As profits, in this way of regarding them, decline, the entrepreneur at a certain point ceases to get anything but wages. Obviously, however, if profit is to be an independently determined share, this reasoning will not suffice. If we are to retain entrepreneur responsibility as a separate factor, it must have its separate absolute margin of determination, just as labor and capital-formation do, and as long as there is a return in the shape of profits, which covers the costs of independent responsibility for a business unit, so long may the entrepreneur stick to his post without price-determining loss. He will be a marginal entrepreneur in that his peculiar costs as entrepreneur are just covered by his peculiar income. Now both entrepreneur and capitalists may be able to labor and make good wages. If so, they have alternatives as wage-earners. But there we must apply the analysis of the third paragraph preceding. If the surplus of price-determined income over absolute costs as entrepreneur is less than the surplus of wages income over labor cost, then the entrepreneur may give up his business responsibility. But no price-determining significance attaches to the wage advantage. It is price-determined and merely an index of the forces of demand and supply in the labor market, just as is the relation of profits to entrepreneur's cost in the entrepreneur ability market.

Certainly the situation here is complicated by the fact that we are dealing with factors of production the demand for which is reflected back from products they unite to make—a kind of "composite demand."

The "opportunity-cost" idea is essentially the same as that of alternative land uses, and the relation of both to price is identical. In a paper on "Rent and Price: Alternative Uses,"<sup>5</sup> the

<sup>4</sup> Seager, *Introduction to Economics*, p. 159.

<sup>5</sup> *Quarterly Journal of Economics*, vol. XXIV, p. 127 ff.

writer recently pointed out that this question of alternative (or opportunity) costs or supply limitations cannot be treated apart from price, and that, when so treated, the alternative becomes effective only *after* price has been determined. To paraphrase the words used in the article: "If A is debating whether to put his capital to making hats or to making shoes (outlay and trouble being the same), the decisive thing is the price to be expected for each utility. This determines what his gross returns would be in either employment. It then remains to figure on his expenses, among which he may count his alternative. But the question is, not what A figures are his expenses, but *what determines this alternative?* and what is its relation to the price which A has *counted upon?* If the opportunity theorist would set his "opportunity costs" over against opportunity utilities he would not be able to fall into the error of confusing the value with the cost. Once more, one cannot deal with such concepts as net gain, relative advantage, etc., without having passed into the field of value, and having begged the question.

(2) In what has gone before, the reasons for denying significance to "opportunity cost" as an element in determining value have been implied. The writer, however, would like to state them more formally, and to go further in criticising the "opportunity-cost" idea.

In the first place, the significance of cost is that it is a limitation upon production and supply and so is an ultimate factor in causing and determining value. But even granting for the moment that opportunity might be called a cost, "opportunity cost" has been shown to be the *resultant* of value conditions, and to depend upon the existence of alternatives which are themselves determined by cost limitations and demand. Consequently it cannot logically have the significance of other costs in value determination.

In the second place, however, the writer cannot believe that opportunity constitutes a cost. A first simple illustration taken by Professor Davenport is not happy. A child having been given a peach and a pear is forced to give up one in order to retain the other; therefore the one is the opportunity cost of the other. But there is no opportunity here—opportunity in the sense the word is used generally by Professor Davenport. No "competitive analysis" exists in the case. The alternatives are: give up one or give up both. The robber offers you the opportunity of "displacing"



your money with your life. If you happen to have much money your life costs much; if not a cent, you are cheap. (Will your neighbors' estimate be changed in either case?) Again, no outlay and trouble were involved in the child's acquisition of the fruit; the supply of fruit is not affected; the prices of pears and peaches remain unchanged. The case involves mere subjective worths and has no objective validity. Professor Davenport does well to admit that: "the term *cost* seems not quite satisfactory to cover the case." He suggests that "foregoing" would be better. But what is foregone? The child is "out" a peach, but that fact is through no foregoing. If the peach had been spoiled or lost, the same situation would have existed.

In another illustration we are told that if, having a dollar which you have earned, you choose to purchase a book rather than a knife, the cost of the book is best said to be the knife. It is suggested that some term like displacement or foregoing would be better. But what is displaced or foregone? Is it the knife? If so, are we to suppose that, if you had also happened to think of a circus ticket, a shirt, a different book, etc., *ad infinitum*, your "foregoing" would have been infinitely increased? Truly, you would then be paying dear for the whistle! And, above all, why can the book displace anything? Is it not only because it has a certain value? How could the knife ever displace the book? Is it not because its value is to be assumed? What is being displaced in either case? Surely not the physical thing. And what *sacrifice* is involved in the displacement? No. It is your dollar—your day's ease—which is displaced or foregone. As to the knife, the situation is simply a comparison of utilities, and you choose the thing possessing the highest marginal utility. You choose the course involving the least sacrifice, meaning the greatest want-satisfaction as compared with the sacrifice of your day's earnings.

Or, take the case of a producer with an alternative occupation. The simple, hard-headed query that first enters one's mind is, "Are a man's costs greater merely because he happens to be able to do several things?" And the hard-headed answer is, "No." Assuming competition, the alternative, as such, results in no sacrifice. He merely chooses the course showing the greatest net return. A and B are two producers, each operating with the same outlay and trouble. A has an opportunity in the shape of an alternative employment; B has none. Whose product sells for more? Both

get the same price. Is A's gain less than B's because the opportunity theorist would reckon his costs as outlay and trouble *plus* opportunity? Their gains are the same. But, finally, you ask, if prices fall will A not drop out when his opportunity becomes more attractive, just as if his costs were outlay and trouble *plus* opportunity? Yes, he will drop out; but in putting the question you have indicated that it is no cost that determines his dropping. You will observe that the occasion for dropping is price-determined; and that the only thing which one could call a cost, in any reasonable use of the term, would arise only if A should refuse to drop. If he should cling to the less gainful alternative or opportunity there might, indeed, be a foregoing, just as if the child had tried to cling to both pear and peach and so sacrificed his chance to save one.

In fact, to the writer, it would seem more reasonable to say that opportunity comes from cost than to argue that cost comes from opportunity; for the opportunity depends in part upon relative costs, and in itself is in no wise to be reckoned as cost.

The essence of cost is sacrifice incurred in order that economic utilities may be created. Now to the writer the sheep's clothing of opportunity seems out of place on the wolf, cost. But more than that, it has not the significance which outlay and trouble have in production. Mere opportunity never created an economic utility. It takes work applied directly or indirectly to "make things." If A's prices fall, A's business becomes less productive to him—less productive of net income to A. He takes up an alternative business. Someone says he is more productive. In the ultra-individualistic sense he may be; but why? Once more, it is because his outlay and trouble in the new line are less, relatively to price income, than in the old one. And this is true not because of the opportunity, but because of the relation between the absolute conditions of outlay-and-trouble-cost and marginal-utility-demand in the two lines. Cost in the generally accepted sense bears a causal relation to utility output. Opportunity, in the last analysis, bears no such relation.

(3) As just indicated, the significance of cost lies in its connection with production, and it is essential to note that the case for "opportunity cost" is inseparably associated with an unusual and inexpedient notion of production. Production in the generally accepted sense consists in the adjustment of the materials and forces

of nature so as to make them better gratify human wants. This definition accords with a social viewpoint, as it includes all net additions to the economic utilities of a society, while at the same time it is not in conflict with a recognition of individual acquisition through exchange. But the ultra-individualistic definition would include all individual gain-getting whether by trade or theft, exchange or arson. Moreover, it holds that a thug who robs men of pocketbooks undergoes costs of production equal to watches (is he not foregoing those golden "opportunities"?) and "produces" gain for thugs. Obviously there is no exchange here, and the important distinction between group life and individual existence is ignored. Opportunity can be conceived of as cost only in a short-sighted, ultra-individualistic notion of production. It would almost seem that the notion of "opportunity cost" has been invented in order to make cases of supply like the child's fruit or the burglar's loot seem to come under some law of cost determination. The burglar business is obviously one in which little relation can exist between outlay-and-trouble cost and the result. So with the other sources of income which are not on an exchange basis.

A logical result of the "opportunity-cost," entrepreneur analysis appears in the treatment of exchange and competition. Freedom of exchange has always been given an important place as a desideratum in social economic analysis, but Professor Davenport and his followers are tending to take away this place. Obviously an economy in which robbery and bribery are deemed productive cannot be one based on exchange, for nothing is exchanged in such activities. It is one-sided economy. Now freedom in exchange is a corner stone of competition. It is natural, then, that we find an insistence upon the productivity of monopoly and a tacit abandonment of competition at points. Thus, while A (a hat maker) can make both hats and shoes, and the less gainful line forms A's cost for the other, we are to infer that B (a shoe maker) is not free to make hats. If the analysis were really competitive, however, capital, all or in part, would be free to flow into either industry from the other, in no great time. Then B would have the \$2 hat price as an opportunity (cost) and would be producing shoes (at \$1.90) at a loss of 10 cents a pair! Or, assume a series of drops in the price of hats: hats having fallen to \$1.88, A takes up the shoe business; the price of shoes then falls to \$1.80, and he passes back into hats; and so on, till when?—till the \$1.75 "outlay-and-

trouble cost" is reached. With competition it would be the decisive thing. Thus we may conclude that the "opportunity-cost" analysis only pretends to work one way, and is not competitive analysis. And this, together with the conclusion that it is associated with an ultra-individualistic notion of production and an anti-social attitude toward exchange, makes a severe indictment against the whole scheme.

The upshot of this phase of the criticism is that price-determined "costs" (so-called) are worth mentioning only in an individualistic, non-competitive, acquisitive way of looking at things. Granted that "opportunity cost," like rent, *seems* to the individual to be a motivizing resistance in his economy, are we to stop at the shadow? Are we to confuse the index with the forces which it registers? If so, then it is easy to overlook long-time matters and the significance of technological limitations on production, to regard robbery and exchange as equally productive, and to accept "opportunities" as costs of production—otherwise impossible.

As to the secondary importance of the "entrepreneur viewpoint" of recent American thought, let the opportunity theorist speak for himself. "He (the entrepreneur) takes wages as he finds them, rents as the market presents them, interest rates as he must pay them, and so on; . . . . . Nor is it any part of his problem to investigate the causes of the prices attaching to his alternative line of production . . . . . it does not lie with him to change them . . . . ." <sup>6</sup> He adds that the entrepreneur's view of the facts is a superficial view. This being the case, one may well wonder why such insistence upon the entrepreneur and his "opportunity costs." Why not go back to the real thing?

The same theorists insist, however, that the value problem must be attacked from the entrepreneur viewpoint, "because here is the problem presented in terms of results which the ultimate causes have worked." <sup>7</sup> Now the reader notes that all through the subtle windings of the argument the opportunity theorist emphasizes the fact that "opportunity cost" is an entrepreneur phenomenon and constitutes a large part of entrepreneur's costs. But "opportunity cost" is far from ultimate, and Professor Davenport himself at one point states that it is "plainly superficial." In a word, we are told that an admittedly nonfundamental entrepreneur analysis,

<sup>6</sup> Davenport, "Cost and Its Significance," op. cit., p. 736.

<sup>7</sup> *Ibid.*, p. 746.

based largely upon a nonfundamental "opportunity-cost" concept, presents the results of ultimate causes! The true conclusion which seems to follow from the preceding estimate is that the value problem is not presented in terms of results which *ultimate* causes have worked out. When it is stated that "modifications in the relative supplies of goods come about through the working out by the entrepreneurs of their individual cost computations,"<sup>8</sup> the statement either means that entrepreneurs' costs (including "opportunity cost") help determine supply, or it means next to nothing. If the former, then a conclusive dilemma arises in which one horn is the insignificance of "opportunity cost" and the other is the futility of the entrepreneur viewpoint in value and distribution, though in reality these horns are not necessarily alternatives.

Needless to say, it is the writer's conclusion that entrepreneur's cost is to be sought in the risks attendant upon responsible direction of a business unit, and that this cost is a fundamental one, limiting supply as does labor pain.

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<sup>8</sup> Davenport, *op. cit.* p. 746.

## REVIEWS AND NEW BOOKS

### General Works, Theory and its History

*Principles of Economics.* By F. W. TAUSSIG. Two volumes. (New York: The Macmillan Company. 1911. Pp. xxxv, 547; xviii, 573.)

Seldom does a writer state the purpose of his work more clearly than does Professor Taussig in the preface to his *Principles of Economics*; seldom does a writer accomplish his purpose more precisely than Professor Taussig has done. The words "more precisely" are well-considered, for in the main the author limits himself in his work to his expressed intention, giving, however, full measure; and in a few places going even beyond what he promises. It is then well to begin a review with a presentation of the main points in his own statement.

"I have tried in this book to state the principles of economics in such form that they shall be comprehensible to an educated and intelligent person who has not before made any systematic study of the subject. Though designed in this sense for beginners, the book does not gloss over difficulties or avoid severe reasoning. No one can understand economic phenomena or prepare himself to deal with economic problems who is unwilling to follow trains of reasoning which call for sustained attention. I have done my best to be clear, and to state with care the grounds on which my conclusions rest, as well as the conclusions themselves, but have made no vain pretense of simplifying all things.

". . . Some topics to which economists give much attention in discussion among themselves receive scant attention or none at all. I have omitted entirely the usual chapters or sections on definition, methodology, and history of dogma; and have said little on such a topic as the subjective theory of value, which in my judgment is of less service for explaining the phenomena of the real world than is supposed by its votaries. These matters and others of the same sort are best left to the professional literature of the subject. I hope this book is not undeserving the attention of specialists; but it is meant to be read by others than specialists."

Professor Taussig's book can be warmly commended to the general reader. It presents clearly and concisely the main conclusions reached by modern economists and gives the rational basis of their conclusions. It is designed as a guide for thought and action, and the author takes the position that it is desirable to apply the pragmatic test of truth in economics, *viz.*, that it works out satisfactorily in actual life. Notice, for example, the final

words of the chapter on the Nature and Definition of Capital, in which he gives reasons for a differentiation between interest and rent as distinct categories:

" . . . Economics is in a special sense a pragmatic subject. Its truths are eminently truths in the sense that they concern us. Its answers are answers that declare what we should do. As to any question of classification and distinction, the test of truth is, what of it? what follows? In economics the consequences that follow are ultimately consequences for general welfare and public regulation. So considered, the question whether income-yielding property is homogeneous, and all the sorts of income essentially of the same sort, is to be answered in the negative."

No modern treatise can be pronounced more unreservedly "safe and sane," and these words are to be taken as high praise. Common sense characterizes the entire treatise in such an unusual degree as to make the common sense something after all not common—to paraphrase a familiar expression. Again and again Professor Taussig cuts a Gordian knot of theoretical refinements by common sense. His discussion of index numbers serves as an illustration. He discusses the arithmetic average, the weighted average, and the geometric mean and then shows that the simple arithmetic average is as satisfactory as it is easy. (Cf. I, pp. 292-4.) His treatment of money is likewise a thoroughly common sense treatment which must appeal strongly to the man of affairs. After discussing the highly theoretical proposal of international paper money which should replace specie, Professor Taussig dismisses it all in these words: "The change is not unthinkable, and it appeals to those who like abstract speculation and ideal construction. As a proposal of anything practicable, it is not worth discussion." (Cf. I, p. 326.) Of similar character is his objection to convertible government paper as a dangerous device, the disadvantages of which outweigh the advantages.

When it is said that the work under discussion presents the conclusions of economists, it is not meant that all economists would assent to all conclusions. While dissent to many propositions must be expected, it is true that for most purposes of direct concern to him the man of affairs will find assent to Professor Taussig's proposals and views among the great body of economists in this and other countries; and no other book better illustrates the progress economics has made during the past quarter of a century. Views are presented in nearly every chapter which would

have awakened loud protest twenty-five years ago and led to denunciation of their author as a dangerous theoretical and practical man but which now pass unchallenged. The pragmatic and therefore ethical position taken, the treatment of trade-unions and the closed shop, the fair-minded discussion of bimetallism and paper money, the attitude towards theoretical socialism and the concessions to the protective tariff, all afford illustration which could be multiplied indefinitely.

Professor Taussig holds no brief for any economic class or party, but is striving simply for truth. If timidity is suggested in the book, it is not with respect to any practical application of economic truths, but with respect to pure theory. Undoubtedly Professor Taussig is a careful rather than a bold thinker. At times, indeed, it seems to me Professor Taussig goes too far in concessions to practical programs of reform in his endeavor to be fair. As instances, I would cite his concession to the single tax and the opponents of private property in land. It would have been well to point out more clearly how the single tax might be expected to affect the interests of small property holders and for the great masses the prospects of becoming owners of property. I would cite also his concessions to those who argue in favor of something approaching equality of incomes, while fully endorsing all that is indirectly and by implication said against the extent of present inequalities. The argument that high wages and salaries far above average incomes are in very many cases returns, full or partial, for high cost of producing these services, could well be amplified and strengthened. Who has the better chance of saving a part of his income, a university instructor with an income of \$1,500 a year, or a stone-mason with the same income?

Among the many things I would be glad to quote are excellent passages on inequality and maximum human happiness found on pages 136 and 137 of volume I.

It is difficult to criticise the book theoretically, and that precisely on account of its nature. Intentionally, contentions of interest primarily to scholars are largely omitted, and attention given to practical points of agreement. A theoretical critique, if exhaustive, would be of great length, for it would necessitate the treatment of endless detailed points, as the book is characterized by no large outstanding and possibly epoch-making theories. Among the views with which I am especially inclined to take issue



the following may be mentioned; the importance attributed to large-scale production *per se* in limiting competition—and that without any satisfactory proof or intimation of proof in deductive or inductive reasoning. And naturally enough, in connection with this I feel that the whole discussion of monopoly might have been more clear-cut and that more sharply defined conclusions could have been reached.

The scope of economics as presented by Taussig is far wider than American and English economists accepted twenty-five years ago, the enlargement being found particularly in its ethical and teleological aspects, and yet in my opinion it is too narrow. Especially does the book suffer, in my opinion, by a neglect of any theoretical and practical discussion of public expenditures; for surely if distribution belongs to economics, public expenditures must be a part of economics, for it is through public expenditures that a large and ever-increasing social income reaches us. One year we pay for sweeping the streets in front of our houses by a private contribution; the next year we pay for it in a tax, and the public expenditure resulting gives us the service. The line constantly fluctuates between private and public expenditures, and these affect appreciably wages and salaries. At times, we could suppose that Professor Taussig considered the expenditure of wealth collected by taxation of no vital significance. (See in this connection pp. 548 and 549 of volume II.) When he discusses the minimum of interest in relation to taxation, he does so without reference to the use made of the wealth collected. Let us suppose that half of the money I receive in interest is taken by taxation, and the expenditure of that half is of no direct material benefit to me. Now let us suppose that that expenditure relieves my private budget by the whole amount of the tax in providing clean streets, good sanitary conditions preventing expensive illness, in furnishing free public schools in the place of private schools with high tuition, etc. Must not that be taken into account? I do not believe, for my part, that we can have an entirely satisfactory theoretical discussion of production, nor of distribution, if, in the present age of the world, expenditures are neglected; and also I believe that unfortunate practical consequences may result therefrom.

Professor Taussig's style is on the whole lucid and pleasing, and that makes the more regrettable occasional unfortunate slips and

mannerisms, of which the incessant repetition of "whether or no" is one of the worst. The publishers, however, deserve a word of criticism for putting out so poorly printed a book; the frequent omission of letters in words being the worst fault to be noticed.

The critique has necessarily been general in character, the nature of the book compelling this. In conclusion, I do not hesitate to congratulate the author on his success; the intelligent business man and the public man on having so reliable and readable a guide; and American scholars on the noteworthy achievement of one of their number.

RICHARD T. ELY.

*University of Wisconsin.*

*The Science of Wealth.* By J. A. HOBSON. Home University Library, No. 11. (New York: Henry Holt and Company. 1912. Pp. viii, 256. \$.75.)

In this volume Mr. Hobson gives a concise account of the structure and functioning of the modern industrial system. The method and results of the author's earlier work, *The Industrial System*, are here repeated. In the first four chapters is presented a schematic view of the industrial system, designed especially to show the interdependence of industries and of productive functions. This is followed by an analysis of distribution in terms of "costs" or maintenance charges for labor, managing ability, capital and land; "productive surplus," or additional payments necessary to evoke quantitative increase or qualitative improvement in production; and "unproductive surplus," or rents, excessive profits, interest and wages, which ends in uneconomic or wasteful consumption. Chapters 7 and 8 deal with wages and profit in the concrete. The latter expresses the author's conviction that a large part—perhaps the major part—of the unproductive surplus takes the form of entrepreneur's profits. Chapters 9 and 10 give an elementary statement of the forces governing prices; chapter 11 treats of socialism and the labor movement, and lays the basis for the author's favorite doctrine that the unproductive surplus is the one appropriate and adequate source of public revenue. Graduated income taxes and inheritance taxes are proposed as the most feasible means of reaching the unproductive surplus. A state must, however, proceed cautiously in its plan of confiscating the surplus, since otherwise much capital would migrate to more friendly states.

In chapter 12 we find an unusually clear presentation of the case for free trade, in the guise of an analysis of the historical situation of a community established a century and a half ago in southern Ontario on both banks of a river destined later to become an international boundary line. The greatest freedom in the interchange of commodities and of labor and capital was to the advantage of every person dwelling on either side of the river, before the political boundary was erected; after that event the economic facts remained unchanged. It does not matter that Hobson's geography and history appear to be purely economic; his argument, obviously enough, holds good. The only question is whether such a community, practically homogeneous, typifies the international situation.

The book as a whole is remarkably well conceived and well executed. With the exception of the doctrine incidentally expressed on page 167, that free competition would reduce all prices to the level of cost (*i. e.*, maintenance charges for labor, ability, capital and land) the book is free from fundamental error. Mr. Hobson is here concerned with presenting his own system in the least possible space, and a very satisfactory system, on the whole, it appears to be. This is not his most profound and suggestive work, but it is his most logical one. It is designed as an introduction to economics for the general reader, and it is adapted to serve the purpose well.

ALVIN S. JOHNSON.

*Cornell University.*

*The Theory of Distribution and Consumption.* By T. LLOYD, (London: James Nisbet and Company, 1911. Pp. xiii, 508. 15s.)

This work, originally in greater part contributed to "The Statist," is not a treatise on any branch of economic theory; it has a general sociological purport solely. The term distribution scarcely occurs anywhere, except in the title, and is used as synonymous with consumption. Near the beginning (p. 18) we are told, "The real cause of greatness is the character of the people; and the main thesis of the present work will be an inquiry into the causes which produce the character that makes a people exceptionally prosperous and great." Such a loose-jointed concept of a "thesis" is an indication of the amazing encyclopedic performance that follows.

The author ranges from one end of the British Empire to the other, praising all good works and adversely criticizing all social arrangements that he finds amiss. His information is prodigious, and his critical comments and proposals for reform almost uniformly display good sense. Improvement in education, better land systems, well organized poor relief, adequate care of the public health, the avoidance of the pitfalls of protectionism, and above all the maintenance of the world's peace, will result in a state of things in which the consuming power of the people will be greatly increased and hence will insure an increase of production on a sound basis and, in general, a high state of prosperity. For some reason which is not made clear this is the way to go about it and not by operating on increased powers of production directly and in the first instance.

In other words, the aim of civilization is to increase prosperity; this rests upon the general state of social health which in turn maintains the character of the people and so enhances their purchasing power or power of consumption. The orthodox economists were in error in concentrating attention on increased powers of production, for "it is consumption that sets the economic machine in motion."

C. W. MIXTER.

*University of Vermont.*

*Die logische Natur der Wirtschaftsgesetze.* By KIICHIRO SODA. Tübinger staatswissenschaftliche Abhandlungen, 17. (Stuttgart: Verlag von Ferdinand Enke. 1911. Pp. xv, 130. 5 m.)

Dr. Kiichiro Soda is not a German, but a native of Japan. He first made the acquaintance of economics through Fawcett's text. His reaction from this exposition of the rigidity of economic laws found congenial soil when he reached Freiburg and listened alternately to Professor Carl Johannes Fuchs in economics and to Professor Henry Rickert in philosophy. He presents himself as a member of that younger generation which is called upon to resume the examination of the appropriate foundation and method for political economy.

The author contrasts the conception of law in the natural sciences with its conception in history; in the former sense it aspires to be more independent of time and place, and can well be more dogmatic, while in the latter sense it aspires merely to throw light

upon a particular historical situation and explain it as a thing unique in itself. The author's contention, in view of this analysis, is for a conception of economic law as including both these other concepts: it is indispensable that economists seek generalizations, but these will be more efficient if it is borne in mind that they are not an end in themselves, but a means, an indispensable means, to the further interpretation of life, like the generalizations of any other social science, and having a more modest purpose than "the theory of all things." An economist, in short, must live with a very real sense of the immanence of the whole universe, but must not let himself be swept, by this reflection, into undue abstractness or pitiless confusion. He will help in the making of intellectual progress if he define his terms and state his laws; then whoever does the revising will not only know what he is about and be able to step carefully, but will also be able to make explicable to other philosophers where the contribution belongs. And as the central thought, the sheet-anchor of economics, the author puts forth the conception of money, by which he means not only the theory of money in the more technical sense, but the framing of concepts and generalizations with a strict view to their relevance to the price situation, markets, and exchange generally. Thus the law of increasing or decreasing returns, often stated in such a way as to be merely technological, acquires the status of an economic law only if its relevance to prices be manifested in some explicit way; and the conception of rent—one that has bothered the author ever since the days when he studied Fawcett—must be eviscerated of any technological content, such as bushels of corn or heads of cabbage, and tied fast to a price situation, it being the price of something.

The book will appeal to but a narrow circle of readers—those who have a mastery of German, a very special interest in methodology, and who are familiar at once with the literature of the subject and the terminology of logic. Whether or not they are adequately rewarded, they will at least find a study that is not merely perfunctory, that takes pains to say carefully what it means, and that appears to contain flashes of real insight.

CARL E. PARRY.

*University of Michigan.*

*Die Theorie vom Arbeitslohn.* By ALEXANDER BERNER. Rechts- und staatswissenschaftliche Studien, XLIII. (Berlin: Verlag von Emil Ebering. 1911. Pp. 174. 4.50 m.)

The results of a comparative study of recent literature upon the theory of wages are here set forth. German, French, English, and American economists are taken up in turn, their opinions analyzed, and the value of their contributions to the theory of wages appraised. Among the Germans, the author distinguishes four schools of economic thought: the deductive, exemplified by Böhm-Bawerk; the historical, exemplified by Schmoller; the eclectic, with no outstanding leader; and the socialist, from which he selects for consideration Bernstein and Oppenheimer. The Böhm-Bawerkian theory of wages he deems a sketch only, the details of which were filled in by the American, Taussig, and defers judgment accordingly. The historical school, he finds, has no theory of wages; and the eclectic school is better represented by Marshall.

Of recent French writers, he dismisses most as neo-classical "Productivists," such as Leroy-Beaulieu, Levasseur, and Chevalier. Gide, he classes with the German historical school; and Cornéliissen, the only French economist of the Austrian school who receives any consideration, is rejected as too "theoretical" and inadequate. Among English writers, Marshall alone receives extended discussion. The author concludes this portion of his task with the observation that Marshall's theory of wages is "too sweeping a generalization" and "without much significance for practical purposes."

Coming across the Atlantic, Taussig, Clark, and Carver are the economists selected for study. Carver is dismissed as "so similar to Marshall as not to require special consideration;" Clark is too "unworldly," and Taussig's theory is "neither favorable to capital, nor favorable to labor, because it has absolutely no relation to the manifold phenomena of reality." The author's final conclusion is that no general theory of wages is possible, and he quotes with approval Bernstein's doctrine that the problem of wages lies in the realm of sociology, and cannot be confined to that of economics.

The author's position as an economist is adequately indicated by the foregoing quotations. The American reader seeking a manual of the contemporary economic theory of wages will find little in the book that cannot be found in more available and more satisfying form elsewhere.

*Harvard University.*

A. N. HOLCOMBE.

## NEW BOOKS

BRAUER, K. *Kritische Studien zur Literatur und Quellenkunde der Wirtschaftsgeschichte.* (Leipzig: Veit & Comp. 2.40 m.)

BROUILHET, C. *Précis d'économie politique.* (Paris: P. Roger & Cie. 1912. 10 fr.)

BUDGE, S. *Das Malthus'sche Bevölkerungsgesetz und die theoretische Nationalökonomie der letzten Jahrzehnte.* (Karlsruhe: G. Braunsche Hofbuchdr. 3.50 m.)

BURCH, H. R. and NEARING, S. *Elements of economics, with special reference to American conditions, for the use of high schools.* (New York: Macmillan. 1912. Pp. xvii, 363. \$1.00.)

To be reviewed.

COLSON, C. *Organisme économique et désordre social.* (Paris: E. Flammarion. 1912. Pp. 364. 3.50 fr.)

FETTER, F. A. *Source book in economics.* (New York: Century Co. 1912.)

FLURSCHEIM, M. *Over-production and want. The economic and social problem and solution.* (London: W. Reeves. 1912. Pp. 278. 2s.)

GIRAULT, A. *Programme d'un cours d'économie politique professé à l'Université de Poitiers.* Third edition revised; bibliographical notes. (Poitiers: A. Masson. 1911. Pp. 61. 2 fr.)

HERCKENRATH, C. R. C. *Die ökonomischen Bedingungen des sozialen Lebens.* Vol. 1, *Bedürfnis, Genuss und Wert.* (Munich: J. Schweitzer. 1912. 4.50 m.)

LABRIOLA, A. *Il valore della scienza economica.* (Naples: soc. ed. Partenopea.)

MASSLOW, P. *Die Theorie der Volkswirtschaft. Einführung in die politische Oekonomie.* (Leipzig: A. Kade. 1912. Pp. viii, 293. 6 m.)

RICHARD, G. *La sociologie générale et les lois sociologiques.* Encyclopédie scientifique. Bibliothèque de sociologie. (Paris: O. Doin et Fils. 1912. Pp. 400. 5 fr.)

SOHLICH, K. *Lehrbuch der Volkswirtschaftslehre, einschliesslich der Hauptpunkte der Finanzpolitik.* (Strelitz: M. Hittenkofer. 1912. Pp. iv, 46. 2.50 m.)

SPENCER, F. H. *The student's guide to political economy.* (London: Pitman. 2s. 6d.)

## Economic History and Geography

*The Kentucky Mountains. Transportation and Commerce, 1750-1911. A Study in the Economic History of a Coal Field.* By MARY VERHOEFF. Filson Club Publications, No. 26. (Louisville: John P. Morton and Company. 1911. Pp. 208.)

The author has selected for study that part of Kentucky known as the Cumberland Plateau, or the mountainous region in the eastern part of the state. Its topography is such as to make it almost inaccessible, except by expensive transportation systems, as it is not only mountainous, but is broken by a perfect network of water-courses, ridges, and valleys extending in every direction. Fully fifty per cent of the surface is not adapted to cultivation, but in all of the thirty-four counties in the district coal is present, as well as other mineral resources. The population has received few additions from outside since the first settlement of the district, and is therefore very homogeneous and ethnically one of the purest in the United States. Their speech still savors of the sixteenth century. But this very isolation, combined with poverty, intemperance, bad housing, and poor food, has brought about a marked deterioration, and renders the typical mountaineer unfit for modern industrial labor. The salvation of this people lies in making the region accessible to civilizing influences. Economic forces are gradually effecting this, as the railroads are pushing in to the coal fields, but as yet only the counties on the margin of the district have been touched. The great problem of the Kentucky mountaineer has thus always been and still is the question of adequate means of transportation. This fact is clearly brought out by Miss Verhoeff's study.

Except for a concise introduction, in which the natural features and the population are described, the body of the monograph is devoted to an account of the mountain roads. But, after reading of the efforts of one hundred and fifty years, one lays down the book with a feeling of surprise that so little has been accomplished in the time. The original method of constructing roads, by means of a "labor tax, adopted from Virginia in 1785, still persists with little modification. With the movement for internal improvements in 1835, Kentucky instituted a state board of internal improvements, and by 1850 it had expended \$206,000 on roads, which Miss Verhoeff thinks "considerable." In addition to this the state invested \$2,694,000 in turnpike companies. A few roads were



built by private enterprise, and the counties doubtless did something, but of this no account is given, the study being confined to state undertakings. The larger part of the volume is concerned with details of legislation about individual roads traced with painstaking care from 1750 to 1850; for the period 1850 to 1911 only twelve pages are allowed. Possibly this is reserved for the second volume.

Miss Verhoeff has done a very careful and creditable piece of work, but it betrays at more than one point the inexperience of an amateur. A few such points are the following: round numbers are better used for approximations (p. 4); 1811 should read 1911 (p. 35); it seems unlikely that a sinking fund was used to "carry on public works" (p. 51); a curious use is made of quotation marks (p. 95 and elsewhere); "to" should read "with" (p. 98). There is no index; no chapter headings are given in the table of contents, though they occur in the text; the chapters are of very unequal length, ranging from 12 to 74 pages. From an antiquarian standpoint the book is admirable; but it lacks the firm grasp of a trained economist or historian. So much is promised in the title and subtitle, that the failure to live up to that promise is the more noticeable; although, as a second volume is evidently contemplated, possibly other economic phases of the transportation question may there be given. As a pioneer and careful piece of work in an unworked and difficult field, however, the study deserves commendation, and it is to be hoped that Miss Verhoeff will continue her researches. As a specimen of the printer's art the volume is highly creditable to the Filson Club, of whose publications it forms one of the best numbers.

E. L. BOGART.

*University of Illinois.*

*Alexander Hamilton.* By WILLIAM S. CULBERTSON. John A. Porter Prize Essay, 1910. (New Haven: Yale University Press. 1911. Pp. xiii, 153. \$1.00.)

Nationalism is the key-note of this essay which seeks to show how every measure of the man tended to construct a nation. This is a truism, but the treatment of the subject has led the author into a new and somewhat neglected field of investigation—the Hamilton manuscripts. So intent were the editors of Hamilton's writings to lay stress on political features of his career that the

economic side was slighted, and it was enough to give the texts of his state papers. Dr. Culbertson compares the various forms of the well-known report on manufactures, and measures the influence of Adam Smith. He makes use of the material gathered by Hamilton when preparing his report, material giving interesting information on the condition and prospects of various industries in the different states. More could have been made of Hamilton's own venture into a manufacturing concern, unsuccessful as it proved in the issue. The limits of Hamilton's protective policy are defined, and they rest upon his nationalism. The "harmony of interests," so much pleaded by Carey and his followers, owed much to Hamilton, for he regarded antagonisms of interest within the nation as superficial and due to the inability of people to comprehend their welfare as a whole (p. 135). His home-market argument rested upon his plan of national independence, and politically it is above criticism. The financial measures and foreign policy of Hamilton do not offer the same opportunity for original research, but throughout the volume the author shows a breadth and candor that is refreshing; Loria, Rabbeno, List, and Sumner are quoted, and without bias. The essay is an attempt to apply Hamilton's policies to current social questions, and dogmatic assertions are not infrequent, such as: "Hamilton was in no way the prophet and champion of the capitalistic class; he was the prophet and champion of American Union." The study requires correction from the writings of such critics as Adams and Jefferson.

WORTHINGTON C. FORD.

*American Colonial Government, 1696-1765. A Study of the British Board of Trade in its Relation to the American Colonies, Political, Industrial, Administrative.* By OLIVER MERTON DICKERSON. (Cleveland: The Arthur H. Clark Company. 1912. Pp. 390. \$4.00.)

Dr. Dickerson has written a book of first importance for the study of American colonial history. It concerns an organ of the British system of colonial control that was fundamentally concerned with the welfare and development of the colonies, and was in its widest aspect in immediate charge of all matters of trade and commerce with which the British empire had to deal. Yet, despite its importance, no writer has hitherto attempted to investigate its work or to determine the measure of its influence. As far as any

accurate understanding of its place in colonial history is concerned, the Board of Trade has been persistently ignored by English and American historians, yet to understand American colonial history without it is equivalent to a certain proverbial attitude toward the play of Hamlet.

Dr. Dickerson has divided his work into six sections. The first treats of the organization and personnel of the board, dealing with the establishment of the plantation office, the members of the board, their political position and terms of service, and the periods of varying activity. The second discusses the relation of the board to other departments, the Privy Council and its committee, the Secretary of State, the Admiralty, and the Treasury, the Bishop of London, and Parliament. The third takes up the difficulties of colonial administration, considering first the postal service, and second the opposition in the colonies, due to the aggressive policy of the colonial assemblies and the weakness of the governor's position. The fourth outlines the imperialistic policy of the board, as seen in the plans for a colonial civil list, the control of the judiciary, the reduction of all the colonies to the royal type, and their union for military purposes. The fifth treats of colonial legislation, the royal power of disallowance, and the right of complaint and of appeal from the colonial courts. The sixth, and last, covers a group of subjects falling outside the other sections, such as boundaries, trade, defense, and Indian affairs.

All these aspects of the Board of Trade's activity the author handles with skill and scholarly acumen. His search among the British records has been extensive, though not complete, and the information that he has acquired is sufficient for a treatment that may be considered in a sense preliminary and not final. There is still much to be done upon every question that Dr. Dickerson raises, but for a first work upon the general subject he has produced a book that is remarkably well done. No student can ignore it, and we can but hope that it will stimulate others to enter the same field. During the next few years we are likely to see many works, like this and the recently published volume by Dr. Root on the relations of Pennsylvania with the British government, treating of British control and administration, if for no other reason than that historical science, like nature, abhors a vacuum. Probably many of these works will overstress the importance of the British side and neglect the colonial, which is also inevitable, for the

new view is suggestive and alluring. Probably, also, the results will be embodied in papers and monographs, of the variety disliked by the reading public, because hard to read and harder still to understand. But in time the balance will be restored, the relation of things British and things American will be adjusted, and out of the coördinating process a truer colonial history will be born.

CHARLES M. ANDREWS.

*Yale University.*

*New Zealand.* By ROBERT STOUT and J. LOGAN STOUT. (Cambridge: The University Press. 1911. Pp. 185.)

Students of political and economic conditions in New Zealand should welcome this little book, for it gives an excellent summary of the history of the country and an immense amount of information about its physical features, the people, the chief products, the government and laws, the education system, and the experiments in social legislation that have made the Dominion famous. No man is better fitted to write such a book than Sir Robert Stout, the "Grand Old Man" of New Zealand, who has been intimately connected with public affairs for many years, was twice Prime Minister, has been Chief Justice since the year 1899, and has held many other important offices. In this work he has been ably assisted by his son, J. Logan Stout.

From the point of view of an outsider it seems a pity that the authors have confined themselves almost wholly to description, and have not ventured to give an estimate of the results of New Zealand legislation. It is evident, however, that the hopes of Mr. Reeves, Mr. Tregear, and other ardent reformers have not been fully realized, and that the working people of New Zealand are little, if any, better off than one would expect them to be in a country of such great resources with a population relatively so small. This is the general impression that one receives in reading the book, and it is confirmed by the following passage:—

"The great organization of the State is being used to give an equal chance to all. The New Zealanders may fail, and their experiments may show that the ever-present danger of a true democracy lies in the deadening of individual energy and enterprise by the growth of an all-embracing State interference. But if they fail, their strivings will not have been in vain, though humanity be the poorer for their failure. For the present, they feel that State control is better than to be the slaves of monopolizing companies or autocratic millionaires, or to be strangled in the grip of all-powerful trusts."

The success of social legislation in New Zealand has been very moderate, but, on the other hand, it does not seem to have checked the material progress of the country, as may be seen from the fact that the value of the combined exports and imports for the year 1910 reached the enormous sum of £39,000,000, exceeding by £2,000,000 the record mark of 1907. This is a great volume of foreign trade for a country with scarcely 1,000,000 inhabitants, and shows clearly that a rich country can stand a good deal of social legislation without being brought anywhere near the brink of ruin.

J. E. LEROSIGNOL.

*University of Nebraska.*

*L'Etat des Classes Agricoles en France à la Veille de la Révolution.*

By J. LOUTCHISKY. (Paris: Honoré Champion, Editeur.  
1911. Pp. 108. 2 fr.)

Since 1894, Professor Loutchisky has been searching the departmental archives covering the period immediately preceding the Revolution—a task in which the archivists in charge have given expert assistance. The object of the research is the investigation of changes in land ownership and systems of land tenure, and the effect of these changes upon the products of the land and the social condition of owners and laborers. The monograph is in the nature of a partial report, which gives interesting information on conditions disclosed by the investigations, as yet unfinished. The work supplements the study of the same author, published in 1897, "Small Properties in France before the Revolution," and similar contributions by De Lisle.

The first of the seven chapters of the work is devoted to a very brief resumé of the relations between peasant and lord in the different countries of Europe, and to a consideration of the difference in ownership of land, together with the personal conditions due to these relations. The unequal distribution of land among peasant owners in different parishes of the same province and in different provinces, the development of peasant ownership during the latter half of the eighteenth century, and the increase of small properties by the division and sale of large estates, are discussed, by means of comparative statistics, in the second chapter. Then Professor Loutchisky shows how the changes in ownership of land affected the corvée as an incident in the personal relation between peasants and lords. In the feudal conditions obtaining when this

institution was established, it was neither unjust nor excessively burdensome. But under the changed condition of ownership and tenure of land, it became all the obnoxious burden that Turgot and contemporary writers pictured it.

At considerable length the author discusses and illustrates statistically the agricultural conditions which confronted the privileged classes, the influence of lack of capital for large and effective agricultural enterprises, the embarrassment which was inseparable from absentee ownership, the various forms and degrees of property rights into which the nobles came by inheritance, and the unsurmountable hindrances to progress in cultivation of lands. In these chapters, the picture of agricultural perplexities is painted clearly and strikingly. A chapter is devoted to a study of farming as conducted by managers of estates and by renters from hereditary owners. The different groups which composed the peasant class of the period, and the predominance of small farmers are traced in the effect they produced on social economic relations and conditions. The closing discussion of the book covers the situation existing when seigniorial rights were increasingly neglected and disregarded; when vast arrearages of all sorts were allowed to accumulate to the distraction of both creditors and debtors; when the inevitable reaction came and the insufficiency of revenue was sought to be repaired by increased rents and the recovery of lands.

The study is of value to the student of social and economic phenomena and to the historian who seeks to get into close touch with casual facts. The narrative is uncolored by any personal interpretation of facts by the writer, and the summary of comparative statistical results is well handled and illuminative.

ROBERT P. SHEPHERD.

#### NEW BOOKS

BAX, E. B. *The last episode of the French Revolution; being a history of Gracchus Babeuf and the conspiracy of the equals.* (Boston: Small, Maynard. Pp. 271. \$1.50.)

CHATTERTON, A. *Industrial evolution in India.* (Madras: The Hindu Office. Pp. 369. 3s.)

CLERGET, P. *Géographie économique. L'exploitation rationnelle du globe.* (Paris: O. Doin & Fils. 1912. Pp. 473, xii. 5 fr.)

To be reviewed.

CLERGET, P. *La Suisse au XX<sup>e</sup> siècle. Etude économique et sociale.* Second edition, revised and enlarged. (Paris: Colin. 1912. 3.50 fr.)

DUPONT DE NEMOURS. *De l'exportation et de l'importation des grains, 1764.* Collection des économistes et des réformateurs sociaux de la France. (Paris: Geuthner. 1911. Pp. xlv, 128.)

JUSTER, J. *Les juifs dans l'empire romain, leur condition, économique, politique et sociale.* Two volumes. (Paris: Geuthner. 1912. 30 fr.)

KENNARD, H. P. *The Russian year book.* (New York: Macmillan. 1912.)

Intended for the merchant and investor, it contains accounts of Russian commercial law, the rights of foreigners, and a translation of the Russian customs tariff.

LLOYD, C. *Henry Demarest Lloyd 1847-1903; a biography.* Introduction by C. E. RUSSELL. Two volumes. (New York: Putnam. 1912. Pp. 18, 308; 9, 390. \$5.00.)

LORENZ, C. *Tom L. Johnson, Mayor of Cleveland.* (New York: A. S. Barnes Co. 1912. Pp. 203. \$1.00.)

LOUIS, P. *Le travail dans le monde romain. Histoire universelle du travail.* (Paris: Alcan. 1912. Pp. 416. 5 fr.)

MAYER, S. *Ein jüdischer Kaufmann, 1831-1911.* (Leipzig: Duncker & Humblot. 1912. 6 m.)

Obliged because of failing eyesight to give up academic study of economic questions, the writer of these memoirs became a manufacturer and merchant; and thus, through his close contact with public problems, exerted great influence over the commerce and industry of Austria, especially in developing export trade. Born and reared in the Ghetto, he is able to trace from an intimate knowledge the business life of the Jews, its significance, and their relations toward Christians.

MESSERI, E. *50 Anni di vita economica e finanziaria Italiana.* (Rome: Loescher & Co. 1912. 10 l.)

MIM, S. L. *The commercial policy of Colbert toward the French West Indies.* (New Haven: Yale University Press. 1912.)

MUNSTERBERG, O. *Die wirtschaftlichen Verhältnisse des Ostens.* (Berlin: L. Simion. 1912. 2 m.)

PLATON, G. *Les banquiers dans la législation de Justinien.* Part I. (Paris: Larose et Tenin. 1912. 5 fr.)

POOLE, R. L. *The exchequer in the twelfth century.* Ford lectures. (London: Oxford University Press. 1912.)

QUESSETTE, F. *L'administration financière des états de Bretagne de*

- 1689 à 1715. La Bretagne et les pays celtiques, 2<sup>e</sup> serie. (Paris: H. Champion. 1912. 6 fr.)
- RACHEL, H. *Die Handels-, Zoll- und Akzisepolitik Brandenburg-Preussens bis 1713*. (Berlin: P. Parey. 1911. Pp. xix, 922. 23 m.)
- REINACH, T. *L'anarchie monétaire et ses remèdes chez les anciens Grecs*. (Paris: Imprimerie nationale. 1911. Pp. 14.)
- ROBINSON, F. P. *The trade of the East India Company from 1709 to 1813*. (London: Cambridge University Press.)
- ROSE, J. H. and others. *Germany in the 19th century*. (Manchester: Sherratt & Hughes. Pp. 160. 2s. 6d.)
- ROSS, E. A. *Changing America*. (New York: Century Co. 1912. Pp. 236. \$1.20.)  
To be reviewed.
- ROST, H. *Die wirtschaftliche und kulturelle Lage der deutschen Katholiken*. (Cologne: Bachem. 1911. Pp. 219. 5 m.)
- SAINSBURY, E. B. *A calendar of the court minutes etc. of the East India Company, 1644-1649*. Introduction and notes by WILLIAM FOSTER. (Oxford: Clarendon Press. 1912. Pp. xxviii, 424. 12s. 6d.)
- SAINT-LEON, M. *Histoire des corporations de métiers, depuis leurs origines jusqu' à leur suppression en 1791, suivie d'une étude sur l'évolution de l'idée corporative*. (Paris: Alcan. 1912.)
- SANTORO, M. *L'Italia nei suoi progressi economici dal 1860 al 1910, con prefazione dell' avv. ANTONIO MONZILLI*. (Roma: tip. Popolare. 1911. Pp. xxvii, 522. 10 l.)
- SCHACHNER, R. *Australien und Neuseeland: Land, Leute und Wirtschaft*. Aus "Natur und Geisteswelt." (Leipzig: B. G. Teubner. Pp. 120. 1.25 m.)
- SCHNELL, H. *Die wirtschaftliche Entwicklung Deutschlands im 19. Jahrhundert*. Fortschritt-Bibliothek, 9. (Munich: Buchh. Nationalverein. 1912. Pp. 30. 0.30 m.)
- SEGALL. *Die beruflichen und sozialen Verhältnisse der Juden in Deutschland*. (Berlin: M. Schildberger. 1912. 2.40 m.)
- SPEER, R. E. *South American problems*. (New York: Student Volunteer Movement. 1912. Pp. 270, illus. 75c.)
- STECKELMACHER, M. *Randbemerkungen zu Werner Sombart's "Die Juden und das Wirtschaftsleben"*. (Berlin: L. Simion. 1912. Pp. 63. 1.20 m.)  
To be reviewed.
- TAHON, V. *L'organisation sociale des ouvriers du fer au moyen-âge*. (Malines: L. & A. Godenne. 1911. Pp. 33. 2 fr.)



TARIS, E. *La Russie et ses richesses*. (Paris: P. Roger & Cie. 1912.)

WEBSTER, H. *Rest days: a sociological study*. University of Nebraska studies, XI, 1-2. (Lincoln: University of Nebraska. 1911. Pp. 158.)

An exhaustive and scholarly study of holy days, "evil days" and rest days among the primitive peoples. Includes an investigation of the origin of the Hebrew Sabbath.

WOLF, J. *Die Volkswirtschaft der Gegenwart und Zukunft*. (Leipzig: A. Deichert. 1912. Pp. 335. 6.50 m.)

ZIMMERN, A. E. *The Greek commonwealth: politics and economics in fifth-century Athens*. (Oxford: The Clarendon Press. 1911. Pp. 454.)

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*The Baltimore book; a resumé of the commercial, industrial and financial resources, municipal activities and general development of the city of Baltimore*. By WILBUR F. COYLE, city librarian. (Baltimore: Summers Printing Co. 1912. Pp. 130.)

*China, social and economic conditions*. Annals, Vol. XXXIX. (Philadelphia: Am. Acad. Pol. & Soc. Sci. 1912. Pp. 179-220.)

Includes "Causes of Chinese emigration," by Pyau Ling; "China: geography and resources," by G. B. Roorbach; "American commercial interests in Manchuria," by D. G. Munro.

### Agriculture, Mining, Forestry, and Fisheries

*Principles of Rural Economics*. By THOMAS NIXON CARVER. (Boston: Ginn and Company. 1911. Pp. xviii, 386. \$1.30.)

This book contains six chapters. The first deals with ways of getting a living, especially with farming; here economic and uneconomic methods are contrasted. Uneconomic methods of getting a living "include all those occupations in which one's success depends upon one's power to destroy, to injure, or to deceive"; economic methods are classified as primary industries, secondary industries, and personal services. Farming is, of course, put at the top of the list of primary industries. The second chapter (pp. 29-116) is devoted to an historical sketch of modern agriculture; the third (pp. 117-222) contains an elaborate discussion of the economic characteristics of the factors of production. Especial attention is given to the law of diminishing returns and to methods of economizing land, labor, and capital. The fourth chapter, containing 65 pages, is devoted to management as a factor in agricultural production. It includes a treatment of the economic principle of farm organization and management, of great

interest to the agricultural student. Some of the topics discussed are: ownership and tenancy; cash or share tenancy; salaried managers; what to produce; staple product *vs.* specialties; reasons for diversification; competing and noncompeting crops; large, medium, or small farming; dear *vs.* cheap labor; the kind of power to use, *e. g.*, horses *vs.* oxen; tools; buildings; scientific management; credit; problems of buying and selling. The fifth chapter (pp. 289-333) contains a brief statement of the theory of distribution. The sixth and final chapter is devoted to the social problems of the country.

This volume is marked by that lucidity of style so characteristic of Professor Carver. It will doubtless be widely used as a textbook in courses in agricultural economics, particularly in those institutions where the course is offered not to the specialist in agriculture, but to general students. The viewpoint is primarily social rather than that of the farmer. To quote from the preface, "It emphasizes the public and social aspect of the problem somewhat more, and the business aspect somewhat less, than do most treatises on this subject." The work represents a marked advance over Professor Carver's earlier book, *The Distribution of Wealth*, especially in tempering the results of logic by more careful adjustments of the hypothesis to the conditions which obtain in the world of economic life. Some of the old positions are, apparently, abandoned. The differential theory of profits is accepted.

This readjustment from a system of logical reasoning, based largely upon the assumptions of the classical economists, to a scientific analysis of modern economic forces, leads to some confusion of thought. For example, on page 299 the Ricardian theory of rent is stated in the usual form with the comment, "It is, beyond all question, a true theory, the only question being whether it is so significant as many economists have supposed"; whereas on the next page a paragraph opens with the statement, "One special difficulty with the differential theory of rent, as commonly stated, is that the same piece of land is worth different sums to different men."

It is hard for the reviewer to understand the author's position on the subject of the proportions in which the factors of production should be combined. Carver's method of applying labor and capital to land until the product attributable to the last increment is just enough to cover this additional cost of labor and capital,

(pp. 221-222) which would yield maximum profits per acre, does not seem consistent with the statement (p. 175), "A large product per acre is desirable *only* when it means a large product per man, and never otherwise"; and to the question, "Shall we economize labor or land?" the reply is given, "It cannot be emphasized too much that the object of economizing labor, as stated in preceding pages, is to secure the maximum product per unit of labor and not to secure the maximum product per unit of land" (p. 188). What Professor Carver has in mind may be entirely correct, but the subject is not sufficiently elaborated to make entirely clear what method he would use in determining the proportions in which land, labor, and equipments should be used. Relying on the author's treatment in *Distribution of Wealth*, it may be fair to assume that he means, specifically, that labor and capital should be applied to land in such quantities that the product attributable to the last increment is just enough to pay the cost of that increment at current rates, without any differential profit for the farmer, and without regard to the fact that not all farm undertakings on the same farm are equally profitable.

The reviewer admits that when considering how much labor and capital to associate with a given entrepreneur who wishes to put a given amount of his personal effort into the business, it may be proper to think of succeeding increments of a properly constituted composite unit of land, labor, and equipments being brought under his management until the product attributable to the last increment no longer adds anything to the total profit. This would give maximum profits for the entrepreneur. This relates to the size of the business unit under a given management or to the proportions between managerial activity and the managed factors of production, but does not apply to the problem of the amount of labor and capital to employ upon a given area of land.

In determining the amount of labor and capital which should be applied to a given acre of land, the method of applying labor and capital to land until the product attributable to the last increment is just enough to pay the cost of the labor and capital, is misleading for the simple reason that maximum profits per acre is inconsistent with maximum profits per unit of managerial activity in all cases except that of the marginal entrepreneur who is assumed to make no profit.

To illustrate, take the entrepreneur who, because of his super-

ior ability, is able to make, on the average, a differential profit of ten per cent upon the labor and capital he manages. It is obvious that if he took no account of this profit and applied labor and capital to a given acre of land until the product attributable to the last increment is just enough to pay for the labor and capital, he would not be getting ten per cent profit upon some of the later increments; whereas, if he ceased applying labor and capital to this acre at the point where his profits per unit of labor and capital reached the maximum average per unit for the total investment on that acre, the other labor and capital (which would be required to increase the intensity of culture to the point where the product attributable to the last increment would just pay for the labor and capital) can be used on other land with greater profit than on the given acre. It is necessary, therefore, that the prospective differential profits be added to the cost of the labor and capital in order to make Carver's method accurate, for extra labor and capital per acre in a given line requires extra managerial activity.

Furthermore, the profits on the varied enterprises are different in a given year, and the profits on a given enterprise vary from year to year, due to weather conditions and to market changes. Hence this profit can never be known in advance. Only estimates are available and the average is misleading for any given case. Professor Carver's method of ascertaining the proper degree of intensity of culture is, therefore, unusable even when adjusted to correspond to the fact of differential profit. In *The Distribution of Wealth* Carver did not admit differential profits, hence his theory of the proportions was logically unassailable even if of no use, but in *Rural Economics* differential profits are granted: hence the theory of the proper proportions of the factors requires modification in order to stand the test of logic.

The solution of this problem seems to lie along the line of seeking the most profitable use for the labor and capital at every turn throughout the year. Sometimes this will yield much more, sometimes less than the cost of the labor and capital, but if at all times the opportunity with the maximum net return per unit of expenditure which demands managerial activity is availed of, the total profit will reach the maximum for the year. This principle, when applied to the application of labor and capital to land, will doubtless result in applying sometimes more and

sometimes less, but usually less to a given area than is called for by Professor Carver's rule of applying more and more until the product attributable to the last increment is just enough to pay the cost of the increment of labor and capital. Cost accounting gives the basis for the practical working out of the problem.

In the application of economic principles to agricultural problems, the classical theories are weak at many points and require mending. The long held theory of rent and the current theory of intensity of culture, can be picked to pieces by any good class of students of agriculture. What is needed is a more scientific analysis of facts to form a basis of economics as an applied science. Notwithstanding this needed criticism, this excellent work on rural economics stands without an equal in the English language and is not second to the best French work on the subject, *Economie Rurale*, by Jouzier.

HENRY C. TAYLOR.

*University of Wisconsin.*

*Report of the Commissioner of Corporations on Water-Power Development in the United States.* (Washington: Government Printing Office. 1912. Pp. 211, 7 charts, 9 maps.)

This significant report consists of a summary (34 pp.) and a detailed report in three parts: Physical conditions and economic aspects of water-power (58 pp.); Concentration of ownership and control (96 pp.); and Water-power and the public (20 pp.). It is concerned with developed "commercial" power—power generated for sale—and presents the most complete and reliable information on the subject now available.

The Bureau of Corporations computed in June, 1911, a total developed water-power of 6,000,000 h. p., representing: "commercial" power, 2,961,549 h. p.; "manufacturing" power, 1,054,578 h. p.; total power developments of less than 1,000 h. p. each, 2,000,000 h. p. This 6,000,000 h. p. represents about one fourth the estimate minimum and one eighth the estimated maximum potential h. p. of the United States.

The Bureau finds a marked geographical concentration of developed water-power. Nearly fifty per cent of the "commercial" power is in five states (Cal., 14; N. Y., 13; Wash., 10; Penn., 6; S. C., 5) and nearly ninety per cent of the "manufacturing" power is in New England and four additional states (N. Y., 30; New England states, 36; Minn. and Wis., 17; S. C., 5).

The most significant findings of the Bureau are concerned with concentration of ownership and control of developed water-power.

"In California the bulk of the power produced in the northern half of the State is controlled by a single interest, and that in the southern half by only two companies. In Montana two companies control 96 per cent of all the developed power of the State; and in Washington a single interest controls the power situation in the Puget Sound region, while another interest, more or less closely affiliated with it, controls the developed power elsewhere in the State. All the developed power in the vicinity of Denver, Colo., and nearly 70 per cent of the total developed power of that state, is controlled by one interest. In South Carolina one corporation owns 75 per cent of the developed commercial power, while in North Carolina 45 per cent of such power, developed and under construction, is controlled by a single interest. One group of interests practically controls 58 per cent of all the commercial power, developed and under construction, in Georgia. In the Lower Peninsula of Michigan a single group owns 73 per cent of all such power. The great development at Niagara Falls on the American side is controlled by only two companies.

"The local concentration of water-power, just described, by no means reveals the full extent of concentration of ownership. A few large interests have acquired such control over water power as to bring about a still greater concentration. . . . This broader field of control has also included all sorts of public-service corporations regardless of whether these involve water power or not.

"Some idea of the extent of such concentration of control is found in the fact that of the total 'commercial' water power of 2,961,549 h. p., developed and under construction, in the United States . . . over 1,800,000 h. p. is controlled to a greater or less extent—but not absolutely in every case—by 10 groups of interests. . . . Seventeen interests or groups of interests control or strongly influence more than 2,000,000 h. p. of commercial water-power, developed and under construction, or more than 70 per cent of all such power in the United States."

These facts, the Bureau observes, present problems of vital importance to the public welfare, and demand a water-power policy involving three fundamental propositions: the best development of the resource; the protection of the consumer; the reservation, for the benefit of the whole public, of its proper share in the advantages inherent in the natural resource itself. The Bureau believes that it is impracticable to regulate the price of water power by itself, and that the main problem of the public interest attaches to the power site.

H. S. PERSON.

*Tuck School, Dartmouth College.*

*Argument of the Honorable Elihu Root on behalf of the United States before the North Atlantic Coast Fisheries Arbitration Tribunal at the Hague, 1910.* Edited by JAMES BROWN SCOTT. (Boston: The World Peace Foundation, 1912. Pp. cli, 523. \$3.50.)

This volume is more comprehensive than its title indicates; the introduction (pp. ix-cli) contains an historical discussion of many aspects of the fisheries case and an analysis of the award; and the appendix (pp. 375-523) contains a map and many important documents, including treaties and unratified treaties, correspondence, statutes, the award with Dr. Drago's dissenting opinion, etc. Mr. Root's argument, which forms the body of the work, acquires peculiar interest as he arranged the arbitration while Secretary of State and later argued the case as chief counsel on the American side. It gives evidence of the most thorough mastery of the history of the subject, and profound knowledge of international law. He seems to have handled analogous foreign cases with greater familiarity than did his predecessors. It is not likely that a more complete statement of the American position will ever be made; the candor of Mr. Root and the material offered in the introduction and appendix make the book much more than a partisan presentation. To the intelligent reader it affords the basis for a satisfactory understanding of the whole controversy.

CARL RUSSELL FISH.

*University of Wisconsin.*

#### NEW BOOKS

BENNET, H. H. and TAYLOR, W. A. *The agricultural possibilities of the Canal Zone. Part I. Reconnaissance soil survey. Part II. The outlook for agriculture.* (Washington: U. S. Dept. of Agriculture, Rpt. Pp. 49, maps.)

DALE, H. B. *Coal and the London coal trade.* (London: H. B. Dale. 1912. 6d.)

HENNIG, C. L. *Die Erzlagerstätten der vereinigten Staaten von Nordamerika mit Einschluss von Alaska, Cuba, Portorico und den Philippinen nach Geschichte, Form, Inhalt und Entstehung. Auf Grund der Quellen dargestellt.* (Stuttgart: F. Enke. 1911. Pp. xviii, 293, illus., maps. 8 m.)

JACKSON, T. C. *The agricultural holding act, 1908.* (London: Sweet & Maxwell. 1912. 6s.)

KRIEGE, W. *Der Ahrweinbau, seine Geschichte und wirtschaftliche*

- Lage in der Gegenwart. Eine wissenschaftliche Untersuchung.* (Treves: Paulinus-Druckerei. 1911. Pp. x, 190. 1.75 m.)
- LARIBE, M. A. *L'évolution de la France agricole.* (Paris: Bibliothèque du Mouvement Social Contemporain. 1912. 3.50 fr.)
- LEITHE, H. *Dalmatinische Agrarprobleme.* (Vienna: W. Frick. 1912. Pp. 47. 1 m.)
- TURMANN, M. *Les associations agricoles en Belgique.* Second edition, revised and enlarged. (Paris: V. Lecoffre. 1912. 3.50 fr.)
- WILLECKE, C. *Die landwirtschaftliche Arbeitsvermittlung in Deutschland.* (Berlin: P. Parey. 1912. 5 m.)
- WING, J. E. *Sheep farming in America.* Third edition, enlarged. (Chicago: Breeder's Gazette. 1912. Pp. 368. \$1.00.)
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- Country life. *Annals*, Vol. XL. (Philadelphia: American Academy of Political and Social Science. 1912. Pp. viii, 288.)
- Contains, among other papers, articles by T. N. Carver on "Economic significance of changes in country population," B. H. Hibbard on "Farm tenancy in the United States," and J. L. Coulter on "Agricultural laborers in the United States."

## Manufacturing Industries

### NEW BOOKS

- DOOLEY, W. H. *Textiles for commercial, industrial, and domestic arts schools; also adapted to those engaged in wholesale and retail dry goods, wool, cotton, and dressmaker's trades.* Revised edition. (Boston: D. C. Heath. 1912. Pp. xii, 252. \$1.00.)
- HASSINGER, H. *Der oberbadische Tabakbau und seine wirtschaftliche Bedeutung.* (Karlsruhe: G. Braun'scher Verlag. 1912. Pp. 128. 2.80 m.)
- HUNTER, J. A. *Wool from the raw material to the finished product.* Pitman's common commodities of commerce. (London: Pitman. 1912. Pp. viii, 118. 1s. 6d.)
- LEISSE, W. *Wandlungen in der Organisation der Eisenindustrie und des Eisenhandels seit dem Gründungsjahr des Stahlwerksverbandes.* Staats- und sozialwissenschaftliche Forschungen, No. 158. (Leipzig: Duncker & Humblot. 1912. Pp. xii, 208.)
- To be reviewed.
- PAPWORTH, L. W. and ZIMMERN, D. M. *Clothing and textile trades.* Summary table, with preface by SIR ATHELSTANE BAINES. Introduction by B. L. HUTCHINS. (London: Women's Industrial Council. 1912. 2d.)

## Transportation and Communication

- Progress and Prosperity.* By WILLIAM DEHERTBURN WASHINGTON. (New York: The National Educational Publishing Company. 1911. Pp. xxxii, 887. \$4.50.)



This is a curious book. Written by a practical railway man, "actuated by a sense of public spirit," it purports to tell "the story of the development of transportation and its influence on civilization and history." The slight historical survey which opens the book is, however, only an introduction to a defense of existing railway practices. The thesis of the book is simple, "All progress has had its foundation in the law of movement" (p. 8). This is re-iterated again and again by the author: "Man's survival and the advancement of the world seem to depend upon man's power to maintain and extend his intercourse and means of carriage" (p. 15); "the building of roads brings development; the decline of roads accomplishes national stagnation if not decadence" (p. 46). In all the material progress of mankind, from cave dwelling to the present day, transportation has had the largest and most important share, and to its development is attributable most of the advance made.

A few of the forty-four chapters deal with other topics, such as roads, ocean steamships, the post-office, and the express service, but nine tenths of the book is at once a defense and a glorification of rail roads, or the "railed roads," as the author alternately names them. In reading this deification of transportation the reviewer is reminded of a motto he once saw over the sign of a drayman: "If you want to get rich, keep moving."

Not merely are improved means of transportation held responsible for our present advanced civilization, but the railroad, the highest development of them all, performs its service in the loftiest spirit of altruism. Costly as a railroad is, capitalization is much lower than cost; there is no over-capitalization; most of the profits go back into improvements for the benefit of the public; and stockholders receive scarcely any return for their investment. Items of cost, capital, profit, etc. are figured on the basis of a mile of road per day in eight different groups. Upon this basis, to take one among numerous illustrations, it is concluded that "in 1894 the dividends per mile (of the Mississippi Valley group) would have brought only a cigar a day for the stockholders to divide" (p. 228). One wonders, in the author's own words, "where is the inducement?" Figured out on the basis of a single share per day per mile even a comfortable fortune or enormous profits on watered stock can be made to shrink and appear small. Not merely do the stockholders (nothing is said of the bondholders)

receive little on their capital, but foreigners and outsiders are said, in the northwestern states, to pay fifty per cent of the cost of carriage of the farmer's products. The railroads further dispense enormous benefits in the form of wages, increased land values, etc. As public benefactors of the highest order, they should therefore be let alone to continue their efforts without government interference or regulation.

The book is most interestingly illustrated with over 1200 pictures, which, according to the author, "probably constitute the most complete collection in print" of views dealing with the history and methods of transportation. The publishers have spared no effort on their part to give the volume an attractive appearance, which is marred only by the heavily calendered paper used, apparently made necessary by the illustrations.

ERNEST L. BOGART.

*University of Illinois.*

#### NEW BOOKS

ARIAS, H. *The Panama Canal*. (London: P. S. King. 1911. 10s. 6d.)

Quain prize in international law, University of London; an analysis of national and international negotiations; bibliography of state documents.

BACON, E. M. *Manual of navigation laws. An historical summary of the codes of the maritime nations*. (Chicago: A. C. McClurg. 1912. Pp. 81. 50c.)

To be reviewed.

BIXBY, W. H. *River and harbor improvements. Addresses delivered before the National Rivers and Harbors Congress*. (Washington: Gov. Pr. Off. 1912. Pp. 27.)

BRISTOW, J. L. *Advisability of the establishment of a Pacific steamship line by the Isthmian Canal Commission*. (Washington: Gov. Pr. Off. 1912. Pp. 18.)

GARMAIN, P. *Paris port de mer. Réponse aux adversaires*. (Paris: A. Challamel. 1912. Pp. 443.)

KAEGBEIN, A. *Schiffahrt und Schiffbau des In- und Auslandes. Handbuch 1912*. (Hamburg: Verlagsanstalt & Druckerei-Gesellschaft. 1912. Pp. 618.)

LEWIS, D. J. *Postal express as a solution of the parcels post and high cost of living problems; an adequate express service; relief to consumers and shippers by a reduction of charges and extension of service to the country through rural delivery; a study in the economics of the transport of small shipments*. (Washington: Gov. Pr. Off. 1912. Pp. 97.)

MOULTON, H. G. *Waterways versus railways*. (Boston: Houghton Mifflin. 1912. \$2.00.)

PRATT, E. A. *The state railway muddle in Australia*. Murray's Questions of the day. (London: Murray. 1912. 2s. 6d.)

RAPER, C. L. *Railway transportation. A history of its economics and of its relation to the state*. (New York: Putnam's. 1912. Pp. 331. \$1.50.)

To be reviewed.

RUSSELL, C. E. *Stories of the great railroads*. (Chicago: C. H. Kerr & Co. 1912. Pp. 332. \$1.00.)

Reprinted from "Hampton's Magazine."

SCHENKEL, T. *Die nordösterreichischen Wasserstrassen und die Frage der Kompensation. Vortragsstudien*. (Graz: P. Cieslar. 1912. Pp. 50. 1 m.)

STROMBECK, J. F. *Freight classification. A study of underlying principles*. Hart Schaffner and Marx prize essays, XII. (Boston: Houghton Mifflin. 1912. Pp. 126. \$1.00.)

To be reviewed.

WILLIAMS, R. *The Liverpool docks problem*. (Liverpool: Northern Pub. Co. 1912. Pp. 44.)

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*Dues and port charges on shipping throughout the world*. Three volumes. (London: G. Philip. 60s.)

*The deep waterway between the Great Lakes and the Gulf of Mexico; development of the deep waterway in relation to conservation*. Lakeside classics. (St. Louis: Lakes-to-the-Gulf Deep Waterway Association; R. R. Donnelly & Sons Co. 1912. Pp. 49, maps, diagrs. Gratis.)

*Transportation rates. With particular reference to Section IV of the Interstate Commerce Act, popularly known as the "Long and short haul clause."* (New York: A. M. Fisher, P. O. Box 736. 1912. Pp. 16. 50c.)

*Tarifs et conditions de transport en Belgique avec la nomenclature des droits de douane en Belgique, France, Allemagne, Angleterre, et Hollande, accompagnés de renseignements postaux, télégraphiques et téléphoniques en Belgique*. (Paris: G. Roustan. 1912. Pp. 25, ix. 10 fr.)

*Encyklopädie des Eisenbahnwesens*. (Vienna: Urban & Schwarzenberg. 1912. Pp. viii, 480, illus., maps. 18.50 m.)

## Trade, Commerce, and Commercial Crises

### NEW BOOKS

BECKMANN, F. *Das Einfuhrscheinsystem. Kritische Betrachtung mit besonderer Berücksichtigung der Getreideeinfuhrscheine*. Volks-

- wirtschaftliche Abhandlungen der badischen Hochschulen. New edition. (Karlsruhe. G. Braun. 1911. Pp. 170. 2.20 m.)
- FUZET and DESCHAMPS. *Cours de commerce et de comptabilité.* Two volumes. (Paris: Delagrave.)
- GEORGES-CAHEN and LAURENT, E. *Les indices des crises économiques et les mesures financières propres à atténuer les chômages résultant de ces crises. Rapports présentés au nom de la commission des crises économiques 1908-1911.* (Paris: Ministère du Travail. 1912. Pp. 77.)
- To be reviewed.
- GIRAUD, P. *L'organisation technique du commerce d'exportation.* (Paris: Rivière. 1912. 10 fr.)
- GRUNZEL, J. *Handelspolitik und Ausgleich in Oesterreich-Ungarn.* (Vienna: A. Hölder. 6 m.)
- HEDINGER, W. *Der Getreidehandel in der Provinz Posen.* (Posen: M. Niemierkiewicz. 1911. Pp. x, 188, tables. 4 m.)
- HEELIS, F., editor. *Pitman's theory and practice of commerce; a complete guide to methods and machinery of business.* In two parts. (New York: Pitman. Pp. 320; 251. \$1.25; \$1.00.)
- HORN, G. *The commercial laws of the world.* British edition, Vol. XXI. *Central Europe, France and Monaco.* Translated by M. R. EMANUEL. (London: Sweet & Maxwell. 1912. Pp. 321-73. 42s.)
- JACOBY, E. *Untersuchungen über Absatzorganisation und Preisverhältnisse im deutschen Baumwollwarengrosshandel.* (Berlin: E. Ebering. 1912. Pp. 74. 2 m.)
- JASTROW, J. *Textbücher zu Studien über Wirtschaft und Staat.* Vol. I, *Handelspolitik.* (Berlin: G. Reimer. 1912. Pp. x, 182. 3 m.)
- KOHLER, C. *Centralverband oder Hansabund? Eine wirtschaftspolitische Studie.* (Leipzig: C. L. Hirschfeld. 1912. Pp. 48. 1 m.)
- LAMPP, F. *Die Getreidehandelspolitik in der ehemaligen Grafschaft Mark während des 18. Jahrhunderts.* Munsterische Beiträge zur Geschichtsforschung, XXVIII. New series. (Munster: Universitätsbuchh. F. Copenrath. 1912. Pp. vii, 191, illus. 3.50 m.)
- NICKLISCH, H. *Die Entwicklung der Handelswissenschaften an den Handelshochschulen. Rede, gehalten zur Eröffnung des Wintersemesters 1911-1912.* (Leipzig: Poeschel. 1912. 0.50 m.)
- PANTZER, R. *Zur Frage der Qualitätsverfeinerung oder Entfeinerung unseres Exports.* (Berlin: Puttkammer & Mühlbrecht. 1912. Pp. 315. 6 m.)
- PRATO, G. *L'Espansione commerciale inglese nel primo settecento in una relazione di un inviato Sabauda.* (Turin. 1911. Pp. 29.)
- ROUSSEAU, R. *Des sociétés commerciales françaises et étrangères.*

*Traité théorique et pratique comprenant une étude du régime fiscal des sociétés commerciales.* Fourth edition, revised and enlarged. Two volumes. (Paris: A. Rousseau. 1912. Pp. 700. 25 fr.)

Accounting, Business Methods, Investments,  
and the Exchanges

*Accountancy Problems with Solutions.* By LEO GREENDLINGER.

Legal notes by CHARLES W. GERSTENBERG. (New York: Business Book Bureau. 1911. Pp. 445. \$5.00.)

This treatise is divided into four parts: Practical accounting problems; Theory of accounts, auditing and commercial law; C. P. A. examination papers without solutions to problems; and a Summary of the federal corporation tax law, with appendix.

Part I presents solutions of forty selected problems dealing with partnership, adjustments, making up trading and profit and loss accounts and balance sheets, executor and estate accounting, adjustments of fire insurance accounts, consolidating of corporations and partnerships, making analyses to interpret the conditions of a business, adjustments of brokers' accounts, realizations and liquidations, closing entries, real estate accounting, adjustment of bond accounts, mine accounts, branch house accounts and cost accounts. In the solution of problems the author, in my opinion, is not altogether satisfactory. For instance, in problem No. 3, which involves the adjustment of partners' accounts on dissolution of a firm when a loss had been sustained, the terms of the problem call for "the payment of a 5 per cent commission to two partners, to be paid from the amount due the other two." This condition is dismissed with the statement that "the 5 per cent commission should be eliminated from the partnership accounts; it is a private agreement to be adjusted by the partners inter se." As a matter of fact the problem demands that the partners' accounts should show the amount payable monthly to each one. If one were employed as an accountant to prepare these statements, and the trustee should make the payments to the partners on the basis of the solution presented, the trustee would find himself liable to partners A and B for over \$1200, which sum he could recover from C and D only by adopting the doubtful expedient of appealing to the law in case they refused to reimburse A and B. A better solution would be to charge the partners C and D and credit partners A and B at the close of each transaction whenever cash has been collected.

In problem 5, which relates to the apportionment of reserves and the distribution of capital and earnings, even if we accept the author's plan of making up the income and expenditure account, the problem as solved shows a deduction of \$150,000 from the gross income of a series of years to be set aside as a reserve when only three quarters of the property had been disposed of and which, according to the terms of the problem, required up to that date a reserve of only \$112,500.

The solution of the insurance problem as presented in the book is open to question. In the first place Mr. Greendlinger states that the "Illinois Fire Insurance Company" in the course of the year given has a net deficit of \$25,595.18. In face of this statement he then proceeds to show that the concern can pay a dividend of \$15,934.97, or 7.967 per cent on the capital stock! Even if this were not objected to, the author's method of determining earned and unearned premiums is decidedly faulty, although, to do him justice, in the "Comments" section of the text he gives the reader the usual plan of determining earned and unearned premiums. Why he does not use the generally accepted plan in the text as a basis of determining income is not clear. Neither is it clear why all of the "organization" expenses should be charged against the income for the first year and yet on the other hand no allowance whatever be made for depreciation on furniture and fixtures.

Space will not permit further comments on the details of the solutions presented. The reviewer feels, however, that the value of the book would have been much increased had the author taken more pains to group his problems logically. The problems in practical accounting which form Part I, and the questions in theory of accounts, auditing and commercial law which complete Part II, are not graded according to difficulties of the technique involved in solution, nor are problems involving similar principles grouped together.

To the experienced teacher, Part III is a valuable source of problem material for advanced class work, but it would be still more helpful if the questions were grouped together in a more natural order. The reviewer appreciates the fact that the papers are presented not so much for the teacher's benefit as to give a contrast and comparison of examination papers which can be used by future examiners. For this latter purpose, however, Part III is deficient in that with one exception there are no comments upon

the good and strong points of the questions submitted. This section of the book could have been made more helpful had the author included a brief criticism of each set of questions and then shown how the wording of the problems could be changed, or how different questions could be substituted to strengthen the papers.

Part IV gives a summary of the federal corporation tax law, to which is appended the full text of the law and copies of the forms to be filled out by different kinds of corporations in making returns to the government. In addition is given the opinion of the Supreme Court upon the constitutionality of the tax as rendered by Mr. Justice Day, March 13, 1911.

As a whole the book is an improvement on the author's first volume; and to the advanced student, the teacher, and the practitioner it will repay careful reading.

JOHN C. DUNCAN.

*University of Illinois.*

*Timber Bonds.* By T. S. McGRATH. (Chicago: Craig-Wayne Company. 1911. Pp. 504.)

The student of investments will find little in this book with which he is not already familiar. It is rather a compilation of forms pertaining to timber bonds than a scientific analysis of these securities. The arrangement of the book is unsatisfactory and not well correlated. The discussions are clear and the reasoning sound, as shown for example in the brief comparison of serial and sinking fund bonds, but for the most part the text consists of general and very incomplete statements.

The forms of trust deeds and bond circulars are unquestionably the best in existence today and worthy of the careful study the author suggests, though one would think it the author's mission to interpret these for the reader. On the other hand, any one who is familiar with timber securities must recognize the difficulties the author has encountered with the very incomplete and unreliable data that exists on these securities and the consequent danger of attempting to establish any theories. To the lumberman and bond house handling timber securities, these forms will be of great value.

Chapters one to six (pp. 9-30) are general discussions on Timber Bonds, Floating Debts, Funded Debts, The Underwriter, Review of Business and Audit of Books. Chapter seven (pp. 31-45) is a quotation from a booklet issued by Clark L. Poole &

Co. of Chicago on the Examination of Property. Chapter eight is Contract Form of Delivery. Chapter nine is an introduction to chapter ten, a copy of a Trust Deed, which together with chapter twelve on Bond Circulars and sixteen and seventeen on Technical Terms comprises 434 of the 524 pages of the book. The four remaining chapters (12 pp.) are devoted to the Style of Bonds, Sinking Fund, Fire Risk and Loan Value.

WALTER E. LAGERQUIST.

*Cornell University.*

*Les Obligations Américaines et le Portefeuille Français.* By LIONEL DE MONTESQUIOU. (Paris: Marcel Rivière et Cie. 1912. Pp. 109. 2 fr.)

The author of this little book has not attempted any extended treatise of the American bond market, but has simply written in a careful and concise way the result of his observations during the last ten years. He has thus attempted a short resumé of this subject, particularly of railroad and public utility bonds, for the benefit of his fellow-countrymen and has shown general familiarity with the bond situation in this country.

The first two or three chapters logically deal with the difference in conditions between France and the United States, and the author takes a sympathetic view of conditions surrounding our newer and less developed nation, seeking to draw the French investor, who for many years has confined his investments to such established securities as consols and rentes, away from the narrow point of view. The author explains the comparative susceptibility of American securities to severe changes in fundamental business conditions, and while he may ascribe too much weight to legislation, etc., as contributory to panics, conditions surrounding these changes in our security markets are quite faithfully portrayed.

In chapters 5, 6 and 7 railroad bonds and public utility bonds are discussed in detail, as it is believed that these are the ones (outside of government and municipal bonds) which would appeal more particularly to the French investor. The author distinctly and pointedly shows that public utilities largely constitute a monopoly in the various cities of France, while on this side of the water they are more often subject to competition. By charts and otherwise, the author shows how the earnings of public utility companies are less affected by periods of depression than either



railroads or industrials, but he realizes that there are also discouraging features connected with public utilities. Altogether, this little treatise shows the French investor the advantages of certain bonds, and seeks to remove the national prejudice against absolutely good, safe, and desirable American bonds.

ROGER W. BABSON.

*Auditing and Cost Accounts.* By SEYMOUR WALTON and STEPHEN W. GILMAN. (New York: Alexander Hamilton Institute. 1911. Pp. xx, 512. \$2.50.)

This volume (XI) of the "Modern Business" series is composed of two parts, the first on "Auditing," by Professor Walton, and the second on "Cost Accounts," by Professor Gilman. In Part 1. the subject of auditing has been closely correlated with accounting, in order to bring out the underlying principles that should be observed, and the benefits to be derived from the constructive work of the auditor. Walton stands on safe ground in nearly every case; he carefully points out all possibilities of fraud and deception, and is very particular in each instance to outline the best plan for avoiding such fraud. Wherever there are several alternative methods of treating a special class of items, he shows these alternatives, and gives his reasons for rejecting unsound methods and for adopting the course he suggests. He considers in detail the methods the auditor should adopt in handling the more important and difficult accounts, and treats these with a lucidity that is exemplary. But occasional lapses are noticed from the general high standard of the work. A typographical error has transposed the words "ledger" and "balance" (pp. 53, 11, 17, 18). Even an untrue statement is made, when he says, "The balance sheet, as we have seen, is a statement of the condition of business as shown by the ledger" (p. 119); for such items as wages and interest accrued, due and unpaid, inventory, etc., would not appear on the ledger unless the accounts were being closed, while a balance sheet, in which these would have to be included in order to be correct, is frequently made out without the closing of the books. Further, his treatment of "Patents" account, by adding "the expense of legal fees in defending the patents or in prosecuting any infringers" (p. 77), as an integral part of the value of the patents, seems of doubtful validity; for the value of the patents for manufacturing purposes is not enhanced by the ex-

penses incident to defending them. Such legal fees are more of the nature of commercial or operating expenses than of additions to capital; just as any legal expenses incurred in defending the ownership of factory machinery would not be treated as an increase in value of the machinery, but rather as one of the business expenses. Then, his chapter on "Testifying" (ch. xvii) is composed of two totally distinct subjects; sections 153-157 inclusive are devoted to the auditor as a witness, while the rest of the chapter is devoted to a discussion of system making.

Of Part II we are unable to make as favorable statements. In his first two chapters, Professor Gilman shows clearly the purpose and necessity of cost accounting and its advantages to the manufacturer and to the public, in preventing waste and misdirected energy, and in securing the highest efficiency. In this, and in his analysis of the elements that enter into manufacturing cost, he has done good work. In his discussion of labor and material as the important elements of cost, he goes into great detail and shows the methods employed in making the proper distribution of these to the various works that are being carried on; but he does not seem to be always clear, for the multiplying of details and of the forms of record used in three different establishments, while it may broaden the viewpoint of those who are already familiar with cost accounts, tends to confuse and obscure some features of the subject for others. The work gives evidence of its having been done in undue haste, for it is throughout ill-digested. Typographical errors are numerous; e. g., "for" (p. 266, l. 26) should be "or;" "Chapter V" (p. 363, l. 22) should be "Chapter VII;" "non-produced" (p. 378, l. 5) should be "tons produced," as we see by reference to Figure 49, p. 377; "cinders" (p. 378, l. 20) should be "cylinder" to agree with the column on the previous page. An error in figures is observed in Figure 8 (p. 302, last column), where \$23.25 should be \$20.75, and \$80.00 should be \$77.50. Also, in the table of contents, no mention is made of chapter IX, but the subjects of chapters VIII and IX are put together under chapter VIII. In his chapter on the installation of a cost accounting system (ch. viii), the author has brought together, apparently in haste, a long series of cost account forms in use by the Bridgeport Brass Co., with a running comment upon them; but, unfortunately, the close relation of one form to others has not been elaborated so as to present the system as an organic and inte-

grated whole. In chapter IX, he treats of cost accounts for public service corporations, including steam railroads, gas companies and electric utilities. Under the first of these, his work is largely but a reprint of the classification of the expenses of steam roads as given in the Interstate Commerce Commission's pamphlet upon that subject. The meager discussion of gas and electric companies is, in each case, chiefly confined to an analysis of the cost of the manufactured product and of the expenses of operation and the sources of income; but the accounting forms and principles necessary for such concerns have not been considered. I fail to see that any useful purpose has been served by this final chapter. Dr. Moxey has handled these subjects so well in the tenth volume of this series, that this part of Gilman's work should have been left out. This text contains some good things, but it fails to construct a system of cost accounts from beginning to end, such as is done, for example, by Eddis, Bunnell, or others whom we might mention.

W. T. JACKMAN.

*University of Vermont.*

#### NEW BOOKS

BRENTANO, L. *Familienfideikomnisse und ihre Wirkungen*. Volkswirtschaftliche Zeitfragen, 258. (Berlin: L. Simion. 1911. Pp. 31. 1 m.)

BROMLEY, G. W. and W. S., compilers. *Owners of real estate, borough of Manhattan, city of New York, arranged alphabetically by streets, also containing a list of owners, alphabetically arranged giving the property owned by each*. (New York: G. W. Bromley & Co. 1912. Pp. 727. \$75.)

CHEVILLIARD, G. *Le stock exchange. Les usages de la place de Londres et les valeurs de placement*. Third edition. (London: Effingham Wilson. 1911. Pp. ix, 280.)

DAWSON, S. S. *The accountant's compendium*. Fourth edition, enlarged. (London: Gee & Co. 1912. Pp. 750. 25s.)

DAY, C. M. *Silk mill costs*. (New York: Ronald Press. 1912. \$2.50.)  
Written by the cost specialist who installed the systems described.

EASTON, H. T. *Tate's modern cambist*. (London: Effingham Wilson. Pp. 54.)

GALLOWAY, L. and BUTLER, R. S. *Advertising, selling and credits*. (New York: Alexander Hamilton Institute. 1911. Pp. xxiii, 651. \$2.50.)

Part I ably discusses the psychology, technique, and economical employment of advertising as a means of increasing business; Part

II gives a thorough analysis of the best methods employed today to secure efficiency in buying and selling; Part III shows how important a factor credit is in the conduct of business, and how it may be safe-guarded so as to yield its maximum benefits. The work has been carefully done and business managers will study it with interest and profit.

W. T. J.

GERSTENBERG, C. W. and HUGHES, T. W. *Commercial law*. (New York: Alexander Hamilton Institute. 1911. Pp. xxiv, 507. \$2.50.)

Presents for business men a concise elucidation of the legal principles underlying contracts, bailments, common carriers, insurance, negotiable instruments, agency, partnerships, corporations, and real and personal property. The application of the principles by means of numerous examples adds vital interest to the study; and a grasp of the laws of business as here presented, while it will not enable a man to dispense with a lawyer's services, will give him a clear understanding of business rights, duties and relations. This text merits distinctive commendation.

W. T. J.

HARMON, W. E. *Capital and labor unified; an essay on the application of the instalment system to investments*. Proceedings, II, 1. (New York: Academy of Political Science. 1911. Pp. iii, 52.)

KLOEPPPEL, E. *Die Grundlagen des Markenschutzes. Beiträge zur Reform des Warenzeichengesetzes*. (Berlin-Wilmersdorf: Walter Rothschild. 1911. Pp. iv, 81. 2 m.)

MCGRATH, T. S., editor. *Timber bonds as investment securities*. Supplement to the "Annals of the American Academy of Political and Social Science," May, 1912.

The subjects treated in these papers are timber bond features, timber valuation, questions of law, the accountant's relation to timber bonds, timber bonds as legal investments for savings banks and the timber cruiser. T. S. McGrath's paper on "Timber Bond Features," and E. E. Barthell's on "Questions of Law" cover all the essential subject matter of the other papers, as well as treating it more efficiently.

W. E. L.

MOODY, J. *Moody's analyses of railroad investments*. Third annual number, 1912 (including 1911). (New York: Analyses Pub. Co.; London: F. C. Mathieson & Sons. 1912. Pp. 13, 636. \$12.)

Physical, income, and capital factors are dealt with; there is a record of every railroad bond or stock issue of each system in the country and a record of prices from 1902-1912.

MUNDY, F. W., compiler and editor. *The earning power of railroads, 1912; mileage, capitalization, bonded indebtedness, earnings, operating expenses, cost of maintenance, fixed charges, comparative statistics, investments, dividends, guarantees, etc.* (New York: Moody's Mag., Bk. Dept. 1912. Pp. 526. \$2.50.)

NIBLACK, W. C. *An analysis of the Torrens system of conveying land,*

with references to the *Torrens statutes of Australasia, England, Ireland, Canada, and the United States, with an appendix containing the original Torrens act.* (Chicago: Callaghan & Co. 1912. Pp. 463. \$4.00.)

NICHOLAS, F. C. *Mining investments and how to judge them.* Third edition, revised. Investor's library. (New York: Moody's Mag. Bk. Dept. 1912. Pp. 6, 7, 185. \$1.00.)

NICHOLSON, J. L. *Factory organisation and costs.* (London: Gee & Co. 1912. 25s.)

PETELLAT, H. *Etudes critiques sur la contre-partie dans les bourses de commerce.* Vol. I. *Les faux marchés à terme sur marchandises et sur valeurs mobilières ou l'escroquerie au contrat direct.* Preface by RENE LAFARGE. (Paris. 1912. 5 fr.)

REIBNITZ, K. F. *Die New Yorker Fondsbörse. Ihre Geschichte, Verfassung und wirtschaftliche Bedeutung.* (Jena: Fischer. 1912. Pp. vi, 126. 4 m.)

ROLLINS, M. *Tables showing the net return from stocks and other irredeemable securities, at prices ranging from 25 to 225, progressing by intervals of  $\frac{1}{8}$  of 1 per cent, and covering dividend rates from 2 to 12 per cent together with accumulated dividend tables.* (Boston: M. Rollins. 1912. Pp. 54. \$1.00.)

ROSENTHAL, C. A. *Amerikanische Bonds (mit Ausnahme der Schuldverschreibungen der Immobiliarkreditinstitute).* (Berlin: J. G. Cotta. 1912. 2.50 m.)

STOCKWELL, H. G. *Net worth and the balance sheet.* (New York: Ronald Press Co. 1912. Pp. 206. \$1.50.)

VOIGT, A. *Das Bar-Depositen-Wesen der Kreditbanken und die Frage einer gesetzlichen Regelung.* (Schweinfurt: E. Stoer. 1911. Pp. 107. 2 m.)

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*Railroad operating costs; a series of original studies in operating costs of the leading American railroads.* (New York: Suffern & Son. 1911. Pp. 82. \$2.00.)

*What to read on business.* (New York: Business Book Bureau. 1912. Pp. 167.)

Part III, "What to read on accounting," is an annotated bibliography of books (in English) on accounting theory and practice and commercial law.

### Capital and Capitalistic Organization

*Valuation of Public Utility Properties.* By HENRY FLOY. (New York: McGraw-Hill Book Company. 1912. Pp. viii, 390. \$5.00.)

This book is one of several now appearing on a subject which

until lately has received no public attention. The abandonment of competition between private companies, and the unwillingness of most American cities, except in the case of waterworks plants, to follow the example of Europe in municipal ownership, has given great impetus to the regulation of rates and services by public bodies. In waterworks, where municipal ownership has won popular approval, the principles governing the valuation for purposes of public purchase had been fought over for some years in the courts; but even there, final conclusions on many vital phases of the subject had not been reached when the subject assumed a suddenly increased importance from the rapidly growing demand for regulation of lighting, transportation, and telephone systems. The problems involved are far larger than those of technical engineering. Ethics, economics, law, and public policy must be invoked. There is no more fascinating field of study than blazing the way for courts, commissions, and public opinion in the regulation and valuation of public utilities. The municipal feature is now uppermost, but national utilities, like the railroad, the telegraph, the express, and the long distance telephone, will be vastly effected by the outcome of the work in the municipal field.

Mr. Floy, who appeared for the Third Avenue Elevated Railroad Company before the Public Service Commission of the First District, New York, has compiled in this book a summary, more or less detailed, of several recent appraisals by himself and others, with a discussion of several of the principles involved and extracts from quite a number of court and commission decisions. While the book possesses merit in these respects, it lacks clearness in many of the points treated. Preliminary expenses prior to construction are not properly separated from the so-called overhead charges, going and franchise values, and other matters of an intangible nature. A tabulation might well be made of the total allowance, if any, for these various subdivisions, with the grand total of the whole, as allowed in the important cases considered. The index could be greatly improved. More serious, however, is the author's failure to appreciate and explain the rapidly growing revolt against a theory, or application of a theory, of duplication, under which most engineers have given the companies all the unearned increment, due not only to the growth in land values and rights of way since they were bought by the companies, but also that due to the cost of cutting through and replacing paving put

down by the taxpayers since the mains and conduits were laid, and other unearned increments in the shape of going value, and such part of the overhead charges as either have cost the company nothing, or were paid for by the consumer in operating expenses, while fair profits were also being earned. The author refers to the excellent, though conservative work of the Wisconsin Railroad Commission as "preëminent," while almost ignoring the Massachusetts Gas and Electric Light Commission, which, throughout its twenty-seven years of steadily growing efficiency, has conceded to the companies less of these unearned increments than has the Wisconsin Railroad Commission.

Mr. Floy's treatment of depreciation is more clever than profound. He would not only have consumers pay to a public utility enough to permit fair profits and such repairs as are required from year to year, but he would also, and properly, have the consumer pay a further amount to cover depreciation through obsolescence and inadequacy, that will only be recovered after the lapse of some years. But having made the consumer pay all this, he would not deduct this depreciation, which had been paid for by the consumer, from the plant value, but would leave the company free to continue to demand dividends on the value of its property when new, while apparently it is to be free to dispose of this maintenance reserve as it pleases. In other words, the company may collect a fund for depreciation, but in the valuing of a plant for purposes of rate regulation or sale, it may ignore, as "theoretical," any depreciation from obsolescence or inadequacy, if it cannot be clearly observed, even though the consumer has contributed the fund, on the claim of its necessity. Evidently, if companies are to be allowed to collect from consumers a depreciation fund, it must be admitted either that the depreciation to warrant such a change is actually occurring, or that it is a reserve belonging to the consumer.

While the work bears evidence of having been produced by a company advocate, and of being a hasty compilation, it nevertheless brings together in convenient form many things of importance to all interested in the subjects treated, and will serve as a basis for valuable discussion.

E. W. BEMIS.

*Chicago, Illinois.*

*Control of the Market: A Legal Solution of the Trust Problem.*

By BRUCE WYMAN. (New York: Moffat, Yard and Company. 1911. Pp. vii, 282. \$1.50.)

*Corporations and the State.* By THEODORE E. BURTON. (New York: D. Appleton and Company. 1911. Pp. xvi, 249. \$1.25.)

Professor Wyman's book should rank easily as the most important recent contribution to the discussion of the trust problem. If only for its careful and authoritative statement of the established safeguards which the law has thrown around the institution of free competition it would be welcomed. But even more valuable is its subtle and suggestive analysis of tendencies and possibilities in the future development of the law of the market.

The legal justification of the preservation of free competition is, as Professor Wyman clearly shows, merely the fact that free competition is generally accepted as socially desirable. So far as the law now recognizes a *prima facie* right in the matter, it is not the right to compete, but the right of a business man to pursue his calling without hindrance or disturbance. "Fair competition," despite its disturbance of acquired custom and trade relations, is permitted as a matter of public policy, but "unfair competition" finds no such ground of tolerance. Competition essentially malicious in intent, or based upon fraud or intimidation, or upon false or libelous statements, will not, for example, be permitted. But most important in relation to present problems is the fact that forms of competition which are permissible when used by individual firms may be illegal when used by combinations. Price discriminations, factors' agreements, refusals to deal with wholesalers who sell to competitors, and similar methods are permitted the individual trader, but such practices give to combinations an undesirable amount of power and facilitate monopolization. As in the law of conspiracy, it is not true that what one man may legally do any number of men banded together can do with equal legality. It is a matter where delicate discriminations as to the economic effects of particular practices, rather than sweeping rules of logic, must govern.

It is unfortunate that in his discussion of labor combinations Professor Wyman seems to bind himself by rules of logical consistency as rigid as those which he discountenances. Surely, if it is all a matter of public policy, it should be as easy to discrimin-



ate between what different kinds of combinations may do as between what a combination and what an individual may do. If competition has no *prima facie* case in court, why should efforts to eliminate wage competition (as by the closed shop) be pronounced necessarily and inherently illegal? Professor Wyman's conclusions here seem to rest on his statement that "The public wants the best services that can be gotten at the lowest wages which will be accepted." This seems an amazingly weak foundation on which to build a structure of "public policy."

The common law, then, Professor Wyman concludes, is adequate to the task of preventing the growth of monopoly power, except where the monopoly rests upon some secure basis of natural advantage. In this latter case the only possibility is regulation through positive law, and to this end Professor Wyman urges an extension of the law of public callings so as to cover all "virtual monopolies." The possibility of such an extension seems to be more or less bound up with the validity of Professor Wyman's well-known thesis that the law of public callings had its genesis in the necessity of regulating virtual monopolies. His argument for this view is fairly convincing, although he does not take into the account Professor Freund's competing interpretation of the same facts in the early history of the law of public callings. But the author's brief for regulation will probably meet with the approval of most economists, as will his statement that "these occasional decisions, in recent years, by which the dissolution of some one great corporation is attempted in turn, are as futile as the anarchist's bomb," although this seems hardly consistent with his explicit approval of the Sherman anti-trust law as at present interpreted and administered. In other places, too, the book seems to be not altogether consistent. Nor do all the cases cited seem appropriate to the rubrics under which they are placed. But despite these indications of hasty putting together, the book is in general most cogently reasoned. No student of the problems with which it deals can afford to neglect it.

Six lectures delivered at the University of Pennsylvania and an additional chapter on the Standard Oil and American Tobacco Company cases make up Senator Burton's book. It is an elementary, judicial, and readable account of present-day corporation problems. The first chapter, on the "Origins of private

corporations" is the weakest in the book and is not altogether accurate. If Roman analogues to the modern business corporation must be discussed in a popular treatise, they can be found better in the *societates publicanorum* than in the *collegia*. The description of the development of the corporation in mediaeval and modern times is written without knowledge of the lines of descent which modern scholarship has pointed out.

Nor are the other chapters free from errors of fact. It is not true that the only power of the federal government over interstate commerce is derived from the commerce clause of the constitution (p. 63); that corporations having federal charters would be responsible to the rules and regulations of but one authority (p. 67); that a central bank could arbitrarily "control" the rate of interest without reference to the supply of loanable funds in different parts of the country (p. 90); that interest on deposits is the cause of the call loan system (p. 93); that corporations own between three fifths and two thirds of the total wealth of the United States (p. 99); that a corporation, if not a holding company, could in all cases legally buy the properties of competing companies (p. 112); that (under present constitutional interpretations) the profits of all kinds of corporations could be limited by law (p. 145). But the discussions of the nature of combinations in the United States and in Europe, the defects of our corporation laws, the holding company, the recent decisions under the Sherman law, and related topics, are marked in general by a rare degree of insight and discrimination. There is no book of similar compass which furnishes the general reader a better account of the problems relating to the control of corporations and combinations.

ALLEN A. YOUNG.

*Washington University.*

*Private Corporations.* By HORACE LAFAYETTE WILGUS. (Chicago: The La Salle Extension University. 1911. Pp. 194.)

Under this title are reprinted from volume eight of a series on *American Law and Procedure*, chapters on the general nature, the creation, the body corporate, and the dissolution of the corporation. The point of view is legal; the conclusions are supplemented by citations to important cases and reference to historical origins. It is interesting to note that Mr. Wilgus includes con-

siderable matter relating to agreements, pools, and trusts as originally organized by the Standard Oil interests. While this feature may be justified from the standpoint of economic development, it can hardly be defended from the standpoint of corporation law, and, since the book is in other parts so predominantly legal in its atmosphere, the inclusion of sections upon non-corporate forms of organization mars the general symmetry of the work. There are also certain minor defects arising out of the fact that the book is chiefly based upon judicial decisions, such as the statement (p. 157) that the capital stock is the amount which the corporation obtains and is authorized to obtain by way of subscription. That this is the legal view is of course obvious, as illustrated by the paragraph in the Illinois Corporation Act of 1872, which provides that the directors shall be liable for dividends paid out of the capital stock. In general, however, the book, like all of Professor Wilgus' contributions, is written in an interesting manner, arranged according to a logical plan, and will be found generally useful to those who wish a brief treatise on the legal aspect of private corporations.

MAURICE H. ROBINSON.

*University of Illinois.*

*Monopoly and Competition.* By HERMANN LEVY. (London: The Macmillan Company. 1911. Pp. xviii, 333. \$3.25.)

This book, which is a translation from the German original entitled *Monopole, Kartelle und Trusts* (Jena, 1909), is a noteworthy study of monopolistic combinations. As the writer states in his preface to the English translation, he "attempts to explain the existing organization of English industry by a study of the history of monopoly and competition, and at the same time to give an analysis of English cartels and trusts as they now are."

The book is divided into three parts, the first of which deals with "monopoly in the days of early industrial capitalism." This part gives some account of the early monopolies established by patents from the Crown. The claim sometimes made in their behalf that they promoted industry is said to have little foundation, although they developed capitalistic methods of industry at an earlier date than would otherwise have occurred.

The second part of the book deals with "free trade and the earliest monopolistic combinations," i. e., those which arose subse-

quent to the development of the doctrine of free trade. Professor Levy points out that the classical political economists were impressed with a belief in the necessary character of the competitive system, although remarkable contemporary illustrations of monopolistic organization existed. The most important of these was the "Limitation of Vends" for Newcastle coal, which was investigated and reported on by several parliamentary committees. Its relation to earlier coal combinations and the cause of its decay—the cheapening of transportation and the competition of other coal fields previously less accessible to the London market—are described in considerable detail.

The third part deals with "the modern organisation of English industry on a monopolist basis." The principal facts regarding combinations discussed in this part have already been made familiar by Mr. Macrosty's well-known treatise, but the purpose of Professor Levy's study is rather to analyze the causes, and to classify the results than to describe the existing combinations. In thus attempting to give answers to the main problems of scientific inquiry, he has done work of a suggestive and valuable character. It is not possible to give his conclusions in regard to particular combinations, but his general views on the subject may be gathered from the following excerpt:

"The development of cartels and trusts in English industries is restricted within narrow limits by three facts, the absence of a protective tariff, the comparative insignificance of freights, and the rarity of slowly reproduced mineral products likely to form national or international monopolies." He finds also that, even where monopolistic combinations exist in England, the absence of a protective tariff generally makes it impossible for them to obtain extraordinarily high profits.

Professor Levy in his preface expressly invites corrections, and a few points among a considerable number may be made. With reference to the "Limitations of the Vends," his statement (p. 107) that the prohibitions of the law respecting combinations in 1771 "could not touch private agreement" would seem, at least, to call for some further explanation. The assertion (p. 188) that the minette ore is the most valuable in Germany is incorrect, except in the inadmissible sense that the total deposit is the most valuable. In showing that German pig iron prices sometimes fall below English (p. 191), it is not proper to take English hematite

and German basic Bessemer; either basic or acid Bessemer should be taken in each case, and this would probably affect the conclusions reached. The statement (p. 192) that even in bad times the prices of pig iron in America are higher than in England by the greater part of the freight and duty, is somewhat exaggerated, and quite untrue, of course, for Southern foundry at Birmingham, which in bad times runs close to the Middlesbrough quotations.

Grave misunderstanding, at least, is likely to result from the statement (p. 202) that the "American Paper Trust . . . has monopolised the native forests." Reference is made (p. 288) to the "Copper Trust" in America as entirely controlling the home market, which would not be generally accepted as accurate. The assertion (p. 294) that, in the American tobacco trade, it was "partly the high duties on cigars which made a trust so attractive" is apparently incorrect, inasmuch as the American Tobacco Company never had anything approaching a monopoly in that branch of trade, and little prospect of getting it.

It is not to be expected, of course, that great technical accuracy could be attained where so many industries are considered, and minor faults of the character indicated do not imply that this work is not of great interest and positive value.

FRANCIS WALKER.

*Washington, D. C.*

*Les Syndicats Industriels de Producteurs en France et a l'Etranger.* By PAUL DE ROUSIERS. Second edition. (Paris: Librairie Armand Colin. 1912. Pp. x, 291. 3.50 fr.)

The second edition is substantially similar to the first, which appeared in 1901, except for the addition of a new chapter of some forty-five pages entitled "Les Ententes dans les Transports Maritimes." This chapter is based largely upon the report of the Royal Commission on Shipping Rings, and forms a most valuable addition. Several minor changes and additions may also be noted. For American readers, the principal ones of interest are a brief discussion of the Standard Oil and Tobacco decisions (pp. 27-31), and an added section entitled "La Situation légale des Trusts" (pp. 88-95) in which the "rule of reason" is analyzed. Other new points on American trusts are to be found in a brief consideration of the *Report of the Commissioner of Corporations on the Steel Industry* (pp. 72-78), including a short treatment of

the absorption of the Tennessee Coal, Iron and Railroad Company. In other chapters, changes have been made in the section on the organization of the Comptoire de Longwy (pp. 178-180), and in the discussion of German cartels (pp. 140-141, 145-154). A new section on the Potash cartel or syndicate (pp. 154-160) adds much to the study of the German forms of trust organization.

W. S. STEVENS.

*Wharton School, University of Pennsylvania.*

*Materialien für das wirtschaftswissenschaftliche Studium. I, Kartelle des Bergbaues.* By RICHARD PASSOW. (Leipzig: B. G. Teubner. 1911. Pp. vi, 238. 3.60 m.)

The present work is devoted to mining combinations in Germany, and is the first of a proposed series embodying compilations of original or source material, such as reports, contractual arrangements, statistics and the like, to be used in connection with studies in economics. More than half the volume consists of an illuminating mass of data bearing upon the origin, growth, and organization of the Rheinisch Westphalian coal syndicate, which, as the editor states in his preface, is the most important combination in the country, and has to a great extent served as a model for other cartels. As a counterpart to this coal syndicate there is next outlined the arrangement of 1905 which forms the present basis of the coal cartel of Upper Silesia (Statut der Oberschlesischen Kohlenkonvention). The remainder of the volume is concerned with the marketing of potash and the organization of the potash syndicate.

The value of such a compilation depends upon the selection of material. As the work is confined to only a few combinations the material devoted to each is sufficient to illustrate its character and general activities. The selection of both combinations and material is well made. The matter devoted to the Rheinisch Westphalian coal syndicate, consisting largely of reports of the syndicate itself, gives one an excellent idea not only of the present organization of the cartel and the relations of its members to one another, but also of the conditions leading up to its formation in 1898 and of its history since that date.

The coal combination of Upper Silesia as outlined in the agreement of 1905 is presented in detail. While this combination has not the historical interest that the Rheinisch Westphalian coal

syndicate has, it is to be regretted that material concerning the first attempts at organization in the early eighties and their successful consummation in 1890 is not given.

The work is interesting as illustrative of the present tendency toward a more concrete study of economic problems. The presentation of source material in a readily available form fulfills a need which has been felt in the general study of economics and which is being satisfied, as in large measure it has already been, in the study of history and political science.

ABRAHAM BERGLUND.

*Bureau of Corporations, Washington.*

#### NEW BOOKS

CHANDLER, A. D. *Express trusts under the common law; a superior and distinct mode of administration, distinguished from partnerships, contrasted with corporations; two papers submitted to the tax commissioner of Massachusetts, under chapter 55 of the Resolves of 1911, requiring a report from him on "Voluntary Associations."* (Boston: Little, Brown & Co. 1912. Pp. 35. \$1.25.)

FAY, C. N. *Big business and government.* (New York: Moffat, Yard & Co. 1912. Pp. vi, 201. \$1.00.)

FOSTER, H. A. *Engineering valuation of public utilities and factories.* (New York: D. Van Nostrand Co. 1912. Pp. xvi, 345. \$3.00.)  
To be reviewed.

GIEBEL, H. A. *Die Finanzierung der Kaliindustrie.* (Karlsruhe: G. Braun. 1912. 3.50 m.)

GOLDSCHMIDT, C. *Ueber die Konzentration im deutschen Kohlenbergbau.* Volkswirtschaftliche Abhandlungen der badischen Hochschulen, 5. New series. (Karlsruhe: G. Braun. 1912. 2.60 m.)

GRAZIANI, A. *Movimento internazionale di capitali e di prodotti.* From the Proceedings of the Reale Accademia dei Lincei. (Rome. 1911. Pp. 14.)

JUDSON, F. N. *The law of interstate commerce and its federal regulation.* Second edition. (Chicago: T. H. Flood & Co. 1912. Pp. xxiv, 805. \$6.50.)

KING, C. L., editor. *The regulation of municipal utilities.* National Municipal League series. (New York: Appleton. 1912. Pp. viii, 404. \$1.50.)

To be reviewed.

MEYER, A. *Die Kapitalanlage.* (Zürich: Art. Institut Orell Füssli. 1912. 2.25 m.)

NEYMARCK, A. *La statistique internationale des valeurs mobilières. Session de la Haye, 1911.* (Paris: Alcan. Pp. vi, 269. 5 fr.)

PHELPS, E. M., compiler. *Selected articles on federal control of interstate corporations.* Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1911. Pp. 26, 200. \$1.00.)

Contains bibliographies and selected articles for and against the requirement of a federal charter.

RUSSELL, C. E. *The passing show of capitalism.* (Girard, Kan.: The Appeal to Reason. 1912. Pp. 235.)

VAN HISE, C. R. *Concentration and control: a solution of the trust problem in the United States.* (New York: Macmillan. 1912. \$2.00.)

To be reviewed.

WHITTEN, R. *Valuation of public service corporations: legal and economic phases of valuation for rate making and public purchase.* (New York: Banks Law Pub. Co. 1912. Pp. 800. \$5.50.)

WIEWIORSKI, S. *Einfluss der deutschen Bakenkonzentration auf Krisenerscheinungen.* (Berlin: Puttkammer & Mühlbrecht. 1912. Pp. 134. 2.80.)

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*Memorandum prepared from information in the possession of the Labour Department of the British Board of Trade, relating to the text and operation of certain laws in the British dominions and foreign countries affecting strikes and lockouts, with especial reference to public utility services.* (London: Wyman & Sons. 1912. Pp. 162. 1s. 5d.)

## Labor and Labor Organizations

*The Closed Shop in American Trade Unions.* By FRANK T. STOCKTON. Johns Hopkins University Studies in Historical and Political Science. Series XXIX, No. 3. (Baltimore: The Johns Hopkins Press. 1911. Pp. 187. \$1.00.)

Dr. Stockton has written a painstaking study of the history of the closed-shop movement and of its present status in American trade unionism. Much detailed information in regard to this important policy of trade unions is conveniently compiled in his monograph. Very little addition, however, has been made to our information in regard to the theory of the closed-shop policy, the reason for its application, etc. The most important chapters in the monograph are two dealing with the history of the movement and one with the establishment of the closed shop.

The closed shop is not a new weapon in industrial disputes. The English guilds seem to have discriminated against non-mem-



bers. Brentano mentions the fact that some of the gild statutes of the sixteenth and seventeenth centuries provided that "no journeyman was to work with a non-member." Webb declares that in England the closed shop is "coeval with trade unionism itself." The typographical unions in this country almost from the first have opposed "rats." The Journeymen Cordwainers of the City of New York "was probably the first labor organization to adopt a constitution (1805) openly asserting the principle of exclusion and applying it to all non-members." Dr. Stockton discovers three fairly distinct periods in the history of the movement in America. In the first, 1794-1870, the closed shop was maintained by local unions which did not coöperate with each other in regard to the exclusion of the non-unionist. From 1870 to 1901, many national unions made the maintenance of the closed shop a national policy, and locals coöperated with each other. After 1901, the unions faced the bitter opposition of well organized employers' associations.

It is pointed out that the terms "closed shop" and "open shop" have lost their original significance. The closed shop originally meant a shop closed to union men; an open shop was one "opened" to union men. "From 1890 until the present time the older terminology has gradually been superseded by the new." The writer holds with Mr. John Mitchell that the closed-shop policy represents more than a "passing phase" of unionism. But, to the reviewer, the closed-shop policy seems to be essentially one adapted to an era of small-scale industrial organization. Will the industrial type of unionism which is now rising into prominence emphasize the closed-shop policy?

FRANK T. CARLTON.

*Albion College.*

*Making Both Ends Meet: The Income and Outlay of New York Working Girls.* By SUE AINSLIE CLARK and EDITH WYATT. (New York: The Macmillan Company. 1911. Pp. xii, 270. \$1.50.)

Here, in interesting, popular form, are presented the stories collected during an inquiry carried on by the Consumers' League of New York to ascertain the relation between the income and outlay of self-supporting women workers. Since the data were not suitable for tabulation, the writers have wisely refrained from attempt-

ing statistical tables. The book is straightforward, unpretentious and honest. It is avowedly *ex parte*—a statement of the case for the underpaid working-girl, and an argument for the reforms which the Consumers' League has long advocated.

As the title indicates, the book deals with the relation between the earnings and expenditures of women in New York who work for low wages. The purpose of the writers was to present the situation, not of the well-paid, successful working-woman who is able to take care of herself, but of the girl who is at the bottom with little chance of rising and who still needs community protection. The individual struggles of the girls whose stories were most convincing and appealing are recounted in detail. A long, sad procession comes before us, Annas, Katies, Theresas, Natalyas—there are so many of them—sales-girls, shirtwaist and coat makers, milliners, fur sewers, laundry workers, and girls employed in a variety of unskilled occupations. The newly arrived immigrant girl at one extreme, ignorant but competent; the broken widow, American-born, ignorant but incompetent at the other. They are vivid human stories filled with the hopes of the young, the fears of the old, with starved and drudging days, with deprivations and eager longings, with common sacrifices and temptations. The same story, however, is met over and over again—the story of making both ends meet, by eating little when work is in hand, and by eating less when work is scarce; by walking long distances to work in order that precious car fares may be saved; by spending tired nights washing and ironing to save laundry bills. In spite of the struggle, the stories show that often these girls cannot make both ends meet and are trusted and helped by landladies and friends as poor as themselves. When one reads of the generosity, the eagerness of life in the midst of so many hardships, one recalls the old lines, “only the poor are good to the poor and it is left for those who have little, to give those who have less.”

The unity of the discussion is disturbed and the book is made somewhat miscellaneous and scrappy, not merely by the fact that the work is the result of a number of different hands, but by the introduction of three not closely related chapters: Chapter III on The Shirt Waist Makers' Strike, Chapter V on the Cloak Makers' Strike and the Preferential Shop, and Chapter VII on Scientific Management as Applied to Women's Work. The chapter on

Laundry Work, perhaps the most interesting in the book, is composed of reports by different special investigators.

EDITH ABBOTT.

*Hull-House, Chicago.*

*The Labor Question.* By WASHINGTON GLADDEN. (Boston: The Pilgrim Press. 1911. Pp. 209. \$.75.)

This little book is a collection of five essays recently published in the "Outlook." It expresses the benevolent or Christian-bourgeois viewpoint in respect to labor organizations and controversies: present social arrangements are at bottom sound; modern industrial development has, however, placed the individual laborer at a disadvantage in bargaining; unions are necessary to redress the balance and keep wages and conditions of employment from degeneration; their essential function, therefore, is collective bargaining; thus functioning, they work toward the completion of democracy—the ideal state wherein good-will, justice and harmony will prevail as the results of a universal balance of power among the social classes. Further, it is argued that this ideal consummation is at present retarded by the feudalistic attitude of employers, which begets class hostility and the current evils of unionism—petty working rules, opposition to prison labor, restriction of output, violence, sympathetic strikes, the secondary boycott, etc. It could be indefinitely forwarded by a frank recognition of the right of the workers to organize and bargain collectively and a friendly attitude toward this action. Let employers adopt this attitude and unionism would become universal, the closed shop controversy would disappear, the demands of the men would be moderate, arbitration would be universalized and harmony attained through honorable, just, and fair dealing.

The book is a doublesided plea for such dealing and a defense of church action in the attempt to secure it. Grant the fundamental social viewpoint of the author and his argument and conclusions are sound. There are those, however, who would seriously question the possibility, under the existing industrial organization, of securing agreement between employers and workers in regard to the fundamental concepts "justice" and "fairness," and thus of attaining a harmonious balance of industrial power. Herein, if anywhere, is the weakness in Dr. Gladden's position.

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## NEW BOOKS

- ANTONELLI, E. *Les actions de travail dans les sociétés anonymes à participation ouvrière.* (Paris: Alcan. Pp. iv, 152. 2.50 fr.)
- BEMAN, L. T., compiler. *Selected articles on the compulsory arbitration of industrial disputes.* Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1911. Pp. 115, 27. \$1.00.)
- BONG, W. *Christus und die Arbeiterwelt. Meine Erlebnisse als Handwerksbursche und Fabrikarbeiter.* (Vienna: H. Kirsch. 1911. Pp. 200. 2.40 m.)
- BRAUER, T. *Gewerkschaft und Volkswirtschaft. Gedanken und Hinweise.* (Jena: Fischer. 1912. Pp. iv, 104. 2.50 m.)
- BRENTANO, L. *Der Schutz der Arbeitswilligen.* Volkswirtschaftliche Zeitfragen, 265. (Berlin: L. Simion Nf. 1912. Pp. 32. 1 m.)
- BRODA, R. *La fixation légale des salaires. Expérience de l'Angleterre, de l'Australie et du Canada.* (Paris: Giard et Brière. 1912. 2.25 m.)
- BRY, G. *Cours élémentaire de législation industrielle. Lois du travail et de la prévoyance sociale, questions ouvrières.* Fifth edition, revised. (Paris: Larose et Tenin. 1912. 11 fr.)
- BULLOCK, E. D., compiler. *Selected articles on child labor.* Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1911. Pp. 20, 196. \$1.00.)
- CAPITANT, H. *Cours de législation industrielle.* (Paris: A. Pedone. 1912. 12.50 fr.)
- CHALLAYE, F. *Syndicalisme réformiste et syndicalisme révolutionnaire.* (Paris: Alcan. 1912.)
- DAGUE, J. H. and PHILLIPS, S. J. *Mine accidents and their prevention, for the instruction of mine-workers; especially adapted for the teaching of English to the non-English speaking people.* (Scranton: Delaware, Lackawanna & Western R. R. Co. 1912. Pp. 69, illus.)
- GARDENGHI, G. F. *Legislazione igienica del lavoro.* (Torino: U. t. ed. torinese. 1912.)
- GILDE. *Le syndicalisme professionnel et son évolution nécessaire.* (Paris: Jouve et Cie. 1912. Pp. 134. 1 fr.)
- GOLDMARK, J. *Fatigue and efficiency: a study in industry.* (New York: Charities Publication Committee. 1912. Pp. 890. \$3.50.)  
To be reviewed.
- GOMPERS, S. *Wilson anti-injunction bill (H. R. 11032); labor's reasons for its enactment.* (Washington: Gov. Pr. Off. 1911. Pp. 26.)
- GONNOT, P. *La grève dans l'industrie privée, son histoire, sa légitimité, ses dangers, ses conséquences juridiques, sa réglementation, l'assur-*

- ance contre ses risques.* (Paris: A. Rousseau. 1912. Pp. 112. 12.50 fr.)
- GUY-GRAND, G. *La philosophie syndicaliste. La philosophie nationaliste.* (Paris: Bernard Grasset. 1912. 2 fr. each.)
- HEIM, F. and others. *Recherches sur l'hygiène du travail industriel.* (Paris: Dunod et Pinat. 1912. Pp. 174. 6.75 fr.)
- HOMMER, O. *Die Entwicklung und Tätigkeit des deutschen Metallarbeiterverbandes. Ein Beitrag zum Gewerkschaftsproblem.* (Berlin: C. Heymann. 1912. Pp. ix, 175. 4 m.)
- KLARMANN, S. *Die freien Gewerkschaften in Gesetzgebung und Politik. Staats- und sozialwissenschaftliche Forschungen, 162.* (Leipzig: Duncker & Humblot. 1912. Pp. vii, 115. 3 m.)
- LATOUR, F. *Les grèves et leur réglementation.* (Paris: Bulletin de la Semaine. 1912. Pp. 240. 3.50 fr.)
- LEVINE, L. *The labor movement in France; a study in revolutionary syndicalism.* Introduction by F. H. GIDDINGS. Columbia university studies in history, economics and public law, XLVI. (New York: Longmans, Green & Co. 1912. Pp. 212. \$1.50.)  
To be reviewed.
- MORGENSTERN, M., BECK, K. and BERNAYS, M. *Untersuchungen über Auslese und Anpassung (Berufswahl und Berufsschicksal) der Arbeiter in den verschiedenen Zweigen der Grossindustrie. Auslese und Anpassung der Arbeiterschaft in der Lederwaaren- Steinzeug, und Textilindustrie.* (Leipzig: Duncker & Humblot. 1912. Pp. vii, 389. 9.40 m.)
- NEUMANN, A. *Die Bewegung der Löhne der landlichen "freien" Arbeiter vom Ausgang des 18 Jahrhunderts bis 1850.* Vol. xl, Supplement iii, of the *Landwirtschaftliche Jahrbücher.* (Berlin: P. Parey. 1911. Pp. x, 400.)
- OVERLOCK, M. G. *The working people: their health and how to protect it.* Second edition. (New York: "The Survey." Pp. 298. \$1.62.)
- PAWLOWSKI, A. *Les syndicats féminins et les syndicats mixtes en France. Leur organisation. Leur action professionnelle, économique et sociale. Leur avenir.* (Paris: Alcan. Pp. 188. 2.50 fr.)
- PETERSEN, J. C. *The solution of the labor problem; how the workers may organize and take off the market the unemployed; how to get control of the jobs.* (Butte, Mont.: Butte Miner Pub. Co. 1912. Pp. 46. 10c.)
- POHLMANN, A. *Der Staat und die Syndikate. Ein Beitrag zur Bergwerksfrage.* (Leipzig: R. Voigtlander. 1912. Pp. 64. 1 m.)
- ROBINSON, C. C. *The wage-earning boy.* (New York: Association Press. 1912. Pp. 108. 25c.)
- SAVOY, E. *L'apprentissage en Suisse.* (Paris: Larose & Tenin.)

SERGIO, R. *Sindicalismo e medio evopolitica contemporanea.* (Naples: Soc. ed. Partenopea; Prato: Soc. tip. Pratese, T. Grassi e C. 1911. pp. 141.)

TALBERT, E. L. *Opportunities in school and industry for children of the stockyards district.* (Chicago: University of Chicago Press. 1911. Pp. 64.)

THORNTON, W. W. *A treatise on the federal employers' liability and safety appliances acts, with similar state statutes and federal statutes on hours of labor.* Second edition. (Cincinnati: W. H. Anderson Co. 1912. Pp. lxiii, 755. \$6.00.)

WATELET, E. *Les récents troubles du nord de la France au point de vue historique et économique.* (Paris: Larose & Tenin. 1912.)

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*Fifth annual report of the Central (Unemployed) Body for London, from July 1, 1910 to June 30, 1911.* (London: King. 1912.)

*Report of the twelfth annual conference of the Labour party.* (London: Office of the Labour Party. 1912. Pp. 118. 3d.)

*Selected articles on the employment of women.* Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1911. Pp. 18, 147. \$1.00.)

*Annuaire de la législation du travail, 14<sup>e</sup> année, 1910.* (Office du travail de Belgique. Pp. 676. 6 fr.)

*L'apprentissage industriel. Rapport sur l'apprentissage dans l'industrie de l'horlogerie.* (Paris: Berger-Levrault et Cie. 1911. Pp. xviii, 290. 3 fr.)

*Statistique générale de la France: salaires et coût de l'existence à diverses époques, jusqu'en 1910.* (Paris: Ministère du Travail et de la Prévoyance Sociale. 1911. Pp. 527.)

## Money, Prices, Credit, and Banking

*Banking Reform.* Edited by J. LAURENCE LAUGHLIN. (Chicago: The National Citizens' League. 1912. Pp. xii, 428. \$2.50.)

During the past dozen years the subject of banking reform has been continually challenging the attention of the American public. An undoubted stimulus was given to public discussion of the subject by the panic of 1907; one of whose results was the creation by Congress of the National Monetary Commission, in 1908. In January, 1911, Senator Aldrich, the chairman, submitted the outline of a plan for a "national reserve association" which was understood to embody the general conclusions of the commission's studies. From that time to the present, public discussion of banking reform, centering about the commission's plan, has gone on at a rate unprecedented in our previous history. To further the campaign of public education which must necessarily precede in-

telligent legislation, the National Citizens' League was organized in Chicago in the spring of 1911. The volume now under review is issued by the League, edited by Professor Laughlin, the chairman of its executive committee.

The book contains a very complete analysis and criticism of the whole banking system of the United States. The point of view is clearly that of advocacy of the plan of a National Reserve Association as finally proposed by the National Monetary Commission in its report to Congress in January, 1912. The plan of the book is, first, to show the various defects of our present banking system, at the same time explaining how these defects would be remedied by the adoption of the Monetary Commission's plan of reform. Thus the first dozen chapters (about half of the book) treat of such topics as "present reserve requirements," "commercial paper," "speculation and call loans," "inelasticity of note issue," "the clearing house system," etc.

The remaining chapters follow a somewhat different plan, the idea being to show, one by one, how the various interests concerned would be affected by the adoption of the National Reserve Association. Thus it is demonstrated that the reform would be of great benefit to the small banks, to the state banks and trust companies, to the small merchants, the farmers, the depositors, and the general public. One of the most interesting chapters of the book (ch. 19) describes the present clumsy method of financing the cotton crop of the South and shows what a vast improvement would be made possible by a scientific banking system. The present unsatisfactory relation between the United States Treasury and the banks is described, with an account of the way the National Reserve Association would perform its function of fiscal agent of the Treasury. A chapter on the "international position of the United States" points out our humiliating dependence on foreign financial institutions and makes it clear that until we adopt a scientific banking system the United States will never take the position in international finance which its size and the magnitude of its interests would otherwise warrant. The last chapter is an opinion upon the constitutionality of the National Reserve Association, by Professor James Parker Hall, Dean of the Law School of the University of Chicago. He finds that the plan is constitutional without question.

It goes without saying that this book is not intended primarily

to be a contribution to the knowledge of the expert. Its purpose is clearly to help the average citizen to an intelligent understanding of the problem of banking reform; and, for the accomplishment of this end, is admirably executed. The language is simple and non-technical; the reasoning is remarkably clear. At the same time the treatment is honest and searching and thoroughly scientific. The common errors of popular works, superficiality and a false simplicity which dodges the real difficulties, have been avoided.

The book will hardly escape the charge of being a piece of special pleading. The discussion is uniformly favorable to the plan of the National Monetary Commission. Alleged defects are named, but only to show their fallacy. That the Monetary Commission's plan is perfect would hardly be claimed by any student of banking, and a strictly impartial work would have to consider certain defects. The attitude of the present book, though not strictly impartial, is nevertheless defensible.

This book is the best discussion of the present banking situation that has appeared in a single volume. Its reading will put any thoughtful reader in a position to form an intelligent opinion on banking questions. It is to be hoped that it will have a wide audience and so be able to contribute effectively to the cause of banking reform.

FRED ROGERS FAIRCHILD.

*Yale University.*

*Commercial Paper: A Text Book for Merchants, Bankers and Investors.* By ROGER W. BABSON and RALPH MAY. (Wellesley Hills, Mass.: Babson's Statistical Organization. 1912. Pp. 253. \$2.00.)

The present discussion of the adaptability of the monetary system of the United States to business needs has led the authors of this book to make a study of "the condition, the tendencies and the importance" of commercial paper in our system. Though intended primarily for bank officers and business men, the book is useful for students also.

Of the seven chapters of the book, the first three deal with commercial paper proper; the fourth with the analysis of a financial statement and report; and the last three primarily with banking and bank policy. Chapters two and three, which deal respectively with the form of commercial paper and the selection of commercial



paper, cover about 80 pages of the book and are the most distinctive and useful part of it. From data furnished by the report of the National Monetary Commission, a brief comparative study of the forms of commercial paper and practices in its use in different countries is made and the defects of our own system are pointed out. Rather minute rules are laid down for the guidance of purchasers of commercial paper, and for the protection of investments of this character.

The last part of the book hardly fulfills the expectation raised by the first part. The chapter on banking, comprising about a fifth of the book, is a mere disjointed series of fragmentary sketches of the development of banking and banking institutions at different times and places and adds practically nothing to the value of the work as a study of commercial paper. In the opinion of the authors the first need of reform in our financial system is the creation of a central discount market for commercial paper. Banks often find themselves under the necessity of reselling commercial paper in order to secure the safest and most economical management of their resources. After reviewing the workings of foreign discount systems with approval the authors believe that a satisfactory discount market in this country may best be attained through the creation of a central banking reserve by some organization which shall bind the banks together in their reserve management. As a means of attaining this end they endorse the Aldrich Central Reserve Association scheme of banking reform, but without much consideration of the many vital questions concerning bank policy and management which the introduction of this plan will raise. The last chapter is simply an attempt to apply the method of the Babson Statistical Service in the forecasting of discount rates.

The book is well gotten up and attractive, but lacks an index, which is a serious defect in a practical handbook. The topical table of contents at the end of the book does not take the place of an alphabetical index.

DAVID KINLEY.

*University of Illinois.*

*An Introduction to the Study of Prices.* By WALTER T. LAYTON.  
(New York: The Macmillan Company. 1912. Pp. xi, 155.  
\$.90.)

This little book is written around a "Chart of Average Whole-

sale Prices and World's Gold Production since 1800." The index number is a composite of Sauerbeck's figures for 1860-1910, and Jevons' figures for 1800-1859. The former are shifted from their original basis of 1867-77 to the new basis of prices in the single year 1900. This procedure raises Sauerbeck's figure for 1860 to 132. Jevons' series is then fitted on by making his index of 79 in 1860 equal to 132, and raising his figures for earlier years in the like proportion. Both of these shifts are made by the simple but not rigorously accurate method of division. Mr. Layton is not troubled by the fact that he has joined together an arithmetic and a geometric mean, because he finds that in the years covered by both Jevons and Sauerbeck the two index numbers agree precisely in the direction and approximately in the degree of their fluctuations.

The discussion of this chart presents few points of novelty. Most stress is laid upon the effect of changes in the production of gold upon prices, and the effect of changes in prices upon the economic welfare of wage-earners. Real wages, it is found, "tend to rise more slowly than they otherwise would in times of rising prices, but in times of falling prices they increase more rapidly than if prices had remained unchanged" (p. 103). With this statement is coupled the conclusion that "on the whole the social well-being is best advanced when prices are stationary or slightly declining" (p. 106). Of such remedies for price fluctuations as those suggested by Jevons and Fisher, Mr. Layton hardly knows what to say, except that both are attended by serious difficulties.

That a fellow of Gonville and Caius College, Cambridge, should write a style stiff with academic starch is not unexpected; but that he should be guilty of frequent lapses from good usage is a disagreeable surprise. Phrases like the following are common: "in spite of sometimes very violent fluctuations" (p. 22); "those who had goods to sell but were unable to do so" (p. 29); "while the sequence of purchases described above have been taking place" (p. 35). Such raggedness of detail detracts not a little from the effect of Mr. Layton's exposition.

WESLEY C. MITCHELL.

*University of California.*

*Chile 1851-1910: Sixty Years of Monetary and Financial Questions and of Banking Problems.* By AUGUSTIN ROSS. (Valparaiso: 1910. Pp. 238, iv. \$1.00.)

This is an interesting though somewhat discursive and popular account of the monetary experience of the Republic of Chile since 1850. The author first attempts to compute the production of gold in Chile from the earliest time, although on rather slender data. He describes the situation just before the crisis of 1861 and the excellent measures taken at that time to put Chile on a gold basis. The policy was not carried out, but the country returned to fiat paper, made another attempt at resumption in 1895 and again returned to a depreciated paper money, the use of which still continues, to the great detriment of the country. At present, the country is agitated by the discussion of the evils of its currency and proposed remedies. The account of this experience reads very much like that of our own in the seventies of last century. The book is not a scientific work, but is welcome because it adds to monetary history the experience of still another country with the evils of a bad currency. We may hope that under the leadership of men like Ross, Subercaseaux, Espinoza and others, Chile will soon regain monetary sanity and develop in a way worthy of her great natural inheritance.

DAVID KINLEY.

*University of Illinois.*

*Der landwirtschaftliche Kredit und seine durchgreifende Verbesserung. Eine wirtschaftliche Studie.* By TROSSEN, Regierungsrat, Staatskommissar bei der Börse in Hannover. (Berlin: Verlag von Julius Springer. 1911. Pp. viii, 84. 2.80 m.)

The little pamphlet with this somewhat pretentious title is quite a typical example of German thoroughness and profundity. The problem of cheap agricultural credit, which it discusses exclusively upon the basis of Prussian statistics and Prussian experience, is a problem of considerable magnitude in this country as well, though it is not universally recognized even by economists. In absence of scientific information as to the extent and especially as to the conditions of indebtedness of the American farmer, we often assume quite complacently that "there is plenty of money to be had," and that the farmer has no difficulty in getting it "if he is the right sort of man." Trosien not only discusses the problem but has a definite plan to offer. Whether the plan really amounts to a "radical improvement" even in Prussia is a question which no one who has

not a first-hand knowledge of agricultural conditions in that country would venture to answer. The solution or remedy offered would mean very much less in this country, but the pamphlet is interesting nevertheless for the lucid and concise statement of the theory of agricultural credit, unfortunately couched in the hardest of jaw-breaking German. The reasoning is somewhat as follows:

The growing indebtedness of agricultural land is usually looked upon as an evil symptom. With this point of view the author disagrees. He considers it simply a result of industrialization of agricultural production, for credit grows in agriculture as in other lines of industry, and even more so. The most prominent feature of agricultural development is the increased necessity of circulating capital and also of fixed capital in addition to the value of land. Agriculture needs more machinery, more stock, more fertilizers. It *must* purchase many raw materials. This additional demand for capital leads to extension of agricultural credit and indebtedness. The increase in that indebtedness in Prussia alone annually amounts to some 500 or 600 million marks. Nevertheless the fears of excessive indebtedness are exaggerated, for even now the total indebtedness represents only a small proportion of the whole capital value of agricultural property—26 per cent of the total value, and 31 per cent of the land value. This means that three fourths of the entire capital invested in agriculture is held by the owners of agricultural enterprises and borrowed capital represents a much smaller proportion of those in commercial and industrial enterprises. On the other hand, credit is much more thoroughly protected in agriculture than in other branches, because of the greater stability of the value of security. Trosien therefore thinks that the term *Verschuldung* (over-indebtedness) should apply only to those cases where the loan exceeds the total amount of capital invested.

It would seem then that the increase in land values, offering better security for mortgage loans, would automatically permit the necessary increase of circulating or operating capital. While a certain tendency in that direction exists, it is not sufficient to meet the demand, because, argues Trosien, the very increase of land values forces an increase of indebtedness, as the proprietor of the agricultural enterprise is unable to leave so much of his property in the form of fixed capital—the value of the land. In other words, the agricultural population is not growing richer in the same

proportion in which farm lands increase in value. This may be the case where the property does not change hands, but as a matter of fact property does change hands at least once in a generation and frequently oftener, by inheritance, sale, etc. In each case the increased value means that a larger amount of fixed capital must be sunk into the ground value. How this must happen in purchase is quite evident. In transmission of property by inheritance, larger sums of money must be paid to some of the heirs by the one who remains on the land. There is no available cash for this, and the obligation increases the indebtedness, reducing rather than increasing the circulating capital. Of course this increased value permits a larger mortgage indebtedness, but that simply puts a higher interest charge upon agriculture without affecting the operating capital.

In addition to these general observations, the author discusses the special conditions in Prussia, such as legal limitations of mortgage indebtedness in relation to the taxable value of land.

Coming to remedial measures, Trosien is convinced that the effort to relieve agriculture by reducing its indebtedness is a mistake. The great necessity is larger credit and cheaper credit. The solution he finds in personal, rather than mortgage, credit, evidently upon the hypothesis that further increase in land values will claim the possibilities of the latter.

The necessity of increasing the circulating capital means personal, short-time credit, parallel to the discounting of notes in the commercial world. He quotes the remarkable development of coöperative agricultural credit in Germany rather as evidence of the growing necessity for it, than as a method offering a satisfactory solution. Sufficient credit can come only from outside. But there Trosien finds a serious obstacle in the German Code, which grants the mortgage indebtedness a preferential claim upon all property of the agricultural enterprise, not limited to the real property but extending even to crops and stock, though purchased after the mortgage has been affected. The remedy, therefore, is simple—to remove these legal obstacles to the development of personal credit, by giving the creditors for supplies a preferential claim upon the product. The entire destruction of the mortgage privilege frightens him as somewhat too revolutionary, and as a first step he suggests the creation of a preferential claim upon crops and thus returns for debts accrued in the purchase of

fertilizers. This alone would present an important measure because the value of fertilizers used in Germany in 1909 amounted to 374 million marks (almost \$100,000,000). The amount of fertilizers used would be increased; the interest charges would be reduced, as personal credit secured by some rights against the property would of necessity be cheaper than it is now unsecured.

Whether this change in the law of mortgages, suggested by Trosien, would materially reduce the cost of all agricultural credit, the reviewer would not venture to decide. It would seem that the reform suggested is rather mild, and that its retroactive force might be an increased difficulty of mortgage credit because of the weakening of its security. But the analysis of the causes for growth of agricultural credit given in this pamphlet is decidedly interesting.

I. M. RUBINOW.

*Le Crédit Agricole en France.* By HENRY SAGNIER. Preface by JULES MELINE. (Paris: Librairie Agricole de la Maison Rustique. 1911. Pp. xv, 158. 3 fr.)

The author was a member of the Commission on Agricultural Credit appointed by the International Congress of Agriculture of Paris in 1889 and was subsequently on the extra-parliamentary Commission on Agricultural Credit appointed by the Minister of Agriculture in 1893. His first-hand knowledge of the whole history of French agricultural credit has enabled him to surround the various laws and decrees with important steps and discussions leading up to and establishing the present machinery for rural credit in France. Three things have been especially impressed upon the reviewer's mind in the reading of this book: (1) the extent of the struggle, reaching back more than twenty years, which has been necessary in order to evolve a workable system of decentralized personal credit; (2) the overshadowing amount of state intervention afforded agricultural credit during this period as a result of the demand made upon the Bank of France on the renewal of its charter in 1897; (3) the apparent apathy of many of the regional banks as a result of their clinging to the apron strings of the administration, and the consequent need of renewed local initiative. The author's remedy for this corresponds to the recommendations embodied in the recent *Rapport à la Société nationale d'Agriculture de France*, a copy of which is printed in

the appendix. By offering low rates of interest on both short and long-time deposits, it is held that sufficient working funds could be secured for the local banks in their own neighborhood and that regional banks could gradually dispense with advances from the state by working up a patronage from local banks having a surplus of deposits, as illustrated by the *Caisse de Prévoyance et de Crédit du Syndicat agricole Vaclusien*.

An admirable statement of the foregoing problems is afforded in a *Lettre Préface*, the authorship of which is to be identified with the foremost advocate of legislation for agricultural credit in France.

CARL W. THOMPSON.

*University of Minnesota.*

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A summary of several lectures given by the author during March, 1908, at the headquarters of the Union Centrale des Syndicats des Agriculteurs de France. Under Part I, the policy of self-help employed by coöperative credit organizations in Germany, Italy and Hungary is commended in contrast with the extensive state intervention evoked in France. Convenient yet familiar material is presented in Part II, "Uses to which rural credit may be applied" and Part III, "Guiding principles of the organization."

C. W. T.

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### Public Finance, Taxation, and Tariff

*The Judicial Work of the Comptroller of the Treasury: A Study in Administrative Law*. By WILLARD EUGENE HOTCHKISS. Cornell Studies in History and Political Science, Vol. III. (Ithaca, N. Y.: 1911. Pp. xiii, 164. \$1.25.)

This little volume is a significant contribution to American administrative law. After reviewing briefly the development of administrative jurisdiction in our national, state, and local governments, Professor Hotchkiss discusses the almost unique judicial power now exercised by the Comptroller of the Treasury, and points out that the establishment of the Court of Claims and conferring of similar jurisdiction upon circuit and district courts have not prevented the comptroller's jurisdiction from assuming ever increasing importance. The delay and expense of the other remedies leave for many claimants no practical course but an appeal to the comptroller.

The author shows that, while the Treasury Act of 1789 laid the basis for the development of the comptroller's judicial power, that officer's time was until 1894 so far absorbed by detailed administrative work that his decisions were more or less lacking in true judicial quality. The act of 1894, however, relieved the comptroller of routine work sufficiently to enable him to perform properly his judicial function; while it defined his jurisdiction more clearly, and specially emphasized the judicial character of his office. The comptroller is still subordinate nominally to the Secretary of the Treasury; but Professor Hotchkiss points out that this subordination has long been nominal only, and that the

act of 1894, by definitely recognizing the judicial character of his office, probably guarantees the comptroller's independence. This aspect of his subject hardly receives adequate treatment at the author's hands, and it remains for someone to make a more exhaustive study of the growth of the tradition of independent jurisdiction in the comptroller's office.

In conformity with English legal tradition the development of the jurisprudence of the comptroller's office has proceeded by the decision of actual cases. Professor Hotchkiss considers first the cases involving the interpretation of appropriation acts, the part of his subject probably least unfamiliar to most of his readers. Here again it could be wished that he had expanded the treatment of particularly important points; and it would have been desirable also to present, at least for purposes of illustration, a larger number of cases. The footnote citations are sufficient to give confidence in the author's work, but the exposition of principles might well have been amplified.

Cases arising under revenue laws are then considered briefly, as befits their comparative importance; and the author then passes to those involving disbursement of public money, which bring the office the greater part of its work. Few of the matters here discussed are of interest except to those who, fortunately or unfortunately, are obliged to do business with Uncle Sam or upon his account. In treating of claims for certain court fees, Professor Hotchkiss expresses the belief that the "extreme difficulty of applying the law in a way to defeat obviously improper claims, which is so well illustrated in this case, will doubtless lead in time to the mere abandonment of the whole system of compensation by fees" (p. 74). If by this Professor Hotchkiss means that judicial fees should be abolished, his conclusion may well be doubted; but if he merely means that court officials should be compensated wholly by stated salaries, rather than by fees, there will, of course, be no dissent. In the field of disbursements, Professor Hotchkiss concludes, the importance of the comptroller's jurisdiction arises from the magnitude of the total amounts involved: "From the great number of cases and their individually small amounts, it is obvious that but few of these can ever reach the courts. The decisions of the comptroller determine the pecuniary situation of every officer and employee of the government, and to all intents and purposes his decisions in this field are final." A brief chapter

follows, dealing with cases involving the interpretation of contracts, which "call into play judicial activity of a high order." In general the comptroller seems to have leaned toward an equitable rather than a strict interpretation of government contracts.

The last half of the volume undertakes a comparative study of the comptroller's functions and similar functions in French and German administration. While recognizing the difficulty of securing exact parallels, Professor Hotchkiss skillfully compares the methods of financial control in the three countries; and finds that though "nominally an executive officer, the comptroller's judicial powers over treasury administration are far greater than are anywhere possessed by the continental organs of control." He considers it "not improbable" that the system of each country is the best adapted in the conditions under which it operates, and does not find in the development of the comptroller's jurisdiction "a tendency toward the establishment in this country of formal administrative tribunals." In this comparative survey, as in the earlier chapters descriptive of the comptroller's jurisdiction, Professor Hotchkiss gives us something more than a mere statement of the laws, as he finds them. He is interested in the functioning rather than the structure of the political organs which he examines, so that his treatment is vital and in the best sense practical.

The volume, unfortunately, contains an undue number of typographical errors. The second footnote on page 36, the eleventh line on page 68, and the tenth line on page 80 afford some conspicuous cases. The footnote on page 38 gives a curious twist to the title of the legislative, executive, and judicial appropriation bill.

C. J. BULLOCK.

*Harvard University.*

*Moral und Technik bei der Veranlagung der preussischen Einkommensteuer.* By FRANZ MEISEL. (Leipzig: Duncker und Humblot. 1911. Pp. iii, 88. 2 m.)

This interesting and fair-minded discussion of the moral and technical aspects of the Prussian income tax carries with it unusual weight because the author is a public official, qualified by long study and previous publications upon this subject to render an authoritative judgment.

After an examination of the administration of the Prussian income tax, Dr. Meisel concludes that there is a large and not noticeably diminishing amount of evasion, particularly among the agricultural, manufacturing, and financial classes; that the administrative officials are coping actively with the evil but are hindered by the excessive safeguards created by the law for the protection of the personal rights of the taxpayer; that the situation would be improved by conferring upon the administrative machine greater elasticity of procedure and more summary powers of punishment; and that thorough-going reform can be achieved only by the elevation of the moral tone of the taxpaying community. However, in the author's opinion, the most effective means of elevating and maintaining the moral tone is through vigorous punishment, by fines and surtax, of those who understate their incomes. This truth, says Dr. Meisel, could scarcely be exaggerated; and a large part of the monograph is devoted to a criticism of Fuisting, who has so often voiced the opinion that under the Prussian income tax the great need is for further protection of the taxpayer against the fiscal zeal of the bureaucracy.

The Prussian income tax is not, and under existing circumstances cannot be, justly enforced. Despite its moral and fiscal defects, which the author explains so pungently, his faith in the tax stands firm: personal taxation in its most logical form—the income tax—is needed and will persist; its defects can be remedied. It is not a complete success; neither is it a *Lug-und-Trug* system; it is simply unfinished, incomplete. “Die Zukunft liegt in den friedlichen, gesunden Verhältnissen und Beziehungen zwischen Staats—und Privatwirthschaft. Der Friede kann nur einkehren, wenn das gegenseitige Misstrauen schwindet. Dazu brauchen wir eine andere Moral und eine andere Technik.”

To the American student interested in finding the scientific and true attitude towards this exceedingly complex question of the income tax, the administrative statistics showing the extent to which tax declarations are corrected and increased, and the judicial statistics revealing the extent to which appeals are taken and fines imposed, are of peculiar interest. It is a pity that administrative and judicial processes in America do not result in a statistical record sufficient to afford the basis of a similarly objective discussion of tax morality in this country.

More interesting still, in Dr. Meisel's monograph, is the evi-

dence of a growing and fruitful German literature dealing systematically and scientifically with the question of tax evasion and its correction. American literature on this subject is almost negligible. A chronic social ailment affecting modern democracy at its most vital point, is allowed to strike its roots deeper and deeper into the political organism, without serious study and without scientific effort at its understanding and correction. The practical statesmen and administrators have done little or nothing with this problem in America. The scholar has a virgin field, which needs scientific cultivation. Dr. Meisel's study supplies an interesting and suggestive invitation to the serious study of similar problems in this country.

T. S. ADAMS.

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To be reviewed.
- LICHTERVELDE, L. *Les méthodes budgétaires d'une démocratie. Etude sur le budget suisse*. (Paris: Giard et Brière. 1912. Pp. viii, 180. 4 fr.)
- MARTINI, P. *Die Einkommensteuerzuschläge in den grösseren preus-*

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- McLENDON, S. G. *McLendon on international tariff relations.* (Atlanta, Ga.: Foote & Davies Co. 1912. Pp. 140. \$1.50.)
- MENSI, F. F. *Geschichte der direkten Steuern in Steiermark bis zum Regierungsantritt Maria Theresias.* Forschungen zur Verfassungs- und Verwaltungsgeschichte der Steiermark, Vol. IX. (Graz: Styria. 1912. Pp. xiv, 403. 5 m.)
- MOLL, B. *Untersuchungen zur Geschichte des Objektes direkter Steuern.* (Leipzig: Veit & Co. 1912. Pp. 15. 0.50 m.)
- NAPIER, T. B. *The new land taxes and their practical application.* Second edition. (London: Stevens & Sons. 1912. Pp. ciii, 600. 18s.)
- NORMAN, A. W. *A digest of the death duties. Vol. II, Legacy duty. Succession duty.* Third edition. (London: Butterworth. 1912. Pp. xliii, 470. 25s.)
- PERIN, R. *Das Problem des unverdienten Wertzuwachs und dessen Besteuerung mit besonderer Rücksicht auf Oesterreich.* (Vienna: Manz'sche Univers.- Buchh. 1912. Pp. xii, 151. 4.80 m.)
- SCHELLE, G. *Le bilan du protectionnisme en France.* (Paris: Alcan. 1912. 2 fr.)
- SERVEL, A. *L'organisation administrative et financière de l'Afrique équatoriale française.* (Paris: E. Larose. 1912. 5 fr.)
- SUNDARAM, A. *The sterling debt of India.* (Madras. 1912. Pp. vii, 28. 6d.)
- TESCHEMACHER, H. *Die Einkommensteuer und die Revolution in Preussen. Eine finanzwissenschaftliche und allgemeinesgeschichtliche Studie über das preussische Einkommensteuerprojekt von 1847.* (Tübingen: H. Laupp. 1912. Pp. xi, 80. 2.80 m.)
- VIGNALI, G. *La riscossione delle imposte dirette in Italia: dottrina, legislazione, giurisprudenza.* Vol. I. (Milan: Soc. ed. libraria tip. Indipendenza. 1911. Pp. 564. 14 l.)
- WOLF, J. *Die Steuern in Deutschland. Ein Leitfsaden.* (Berlin-Wilmersdorf: W. Rothschild. 1912. Pp. 28. 1 m.)
- *Speakers' handbook, 1912 edition.* Revised and enlarged. (London: Publication Dept., Tariff Reform League. 1912. 1s.)
- *State and local taxation. Addresses and proceedings. Fifth annual conference under the auspices of the National Tax Association, held at Richmond, Va., September 5-8, 1911.* (Columbus, O.: National Tax Association. 1912. Pp. 485.)
- Contains a summary review of the tax legislation of the year. Special papers present in more detail the developments in taxation in Cali-

formia, Iowa, New York, Oregon, Virginia, and Wisconsin. The taxation of public service corporations by the gross earnings method is strongly urged in papers by Mr. Alfred Holcombe and Mr. Allen Foote. Mr. Foote presents also the novel plan of a state tax on local government incomes as a substitute for the state general property tax, while Mr. William Corbin advocates the plan of apportionment of state taxes on the basis of local revenues. Professor Bullock presents the arguments for and against local option in taxation and comes to a conclusion adverse to it. Problems of administration occupy a prominent place. The conference adopted resolutions in favor of central supervision, the separate assessment of land and buildings, and the use of standard units of measurement as a basis of valuation.

E. T. MILLER.

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*Verhandlungen der Generalversammlung in Nürnberg 9 und 10. 10. 1911. I. Fragen der Gemeindebesteuerung mit Berichten von WALT. LOTZ und WALT. BOLDT. II. Probleme der Arbeiterpsychologie unter besondere Rücksichtnahme auf Methode und Ergebnisse der Vereinserhebungen mit einer Bericht von H. HERKNER. Schriften der Vereins für Sozialpolitik, 138. (Munich: Duncker & Humblot. 1912. Pp. v, 215. 5 m.)*

*Die Tarifverträge im Jahre 1910. Kaiserliches statistisches Amt. (Berlin: Heymann. 1911.)*

## Population and Migration

*The Immigration Problem.* By JEREMIAH W. JENKS and W. JETT LAUCK. (New York: Funk and Wagnalls Company. 1912. Pp. xvi, 496. \$1.75.)

The United States Immigration Commission during 1907-1911 expended nearly a million dollars and collected a great mass of data dealing with various aspects of immigration; and its report, in 42 volumes, is now issuing from the press. Professor Jenks of Cornell was a member of the commission, and Dr. Lauck, formerly of Washington and Lee University, was its industrial expert. Professor Jenks had previously conducted several industrial investigations, and not long ago made a report to the government on oriental immigration to the Pacific coast.

The present volume is an attempt to classify the more important material collected by the commission, and to compress it into a convenient popular handbook. It is obvious that such a desirable undertaking must have marked limitations. In order to sum up all the different lines of investigation and their relations to each other, elaborate discussion of any topic was impossible, and only necessary comments could be given. In view of this fact, it must



be said that the sketch of the commission's work is very complete, nearly every aspect of the immigration question being at least mentioned. Since the report of the Industrial Commission, in 1901, the subject has received much study; and the present volume gives not merely the latest statistics, but some new topics, and the elaboration of many old ones.

The topic most fully treated is that of the immigrant in industry, there being chapters on manufacturing and mining communities, the immigrant in agriculture, the status of immigrants in industries, the floating labor supply, and the immigrant as a dynamic factor in industry. Special attention is given to rates of wages and to housing conditions. Other topics, comparatively new, are immigrant banks, and the agencies of protection, assimilation, and distribution. Lastly, conditions on the Pacific coast and oriental immigration receive the benefit of Professor Jenks' personal investigations and conclusions. The other subjects treated, such as causes of immigration, assimilation, and legislation, follow more closely the lines of previous works. A very influential cause of immigration, namely, the tariff, is not mentioned at all.

The contrast between the "old immigration," which arrived before 1883, and the "new immigration," which has come since, insisted on as most important by previous writers, is given due weight throughout the work. But in the opinion of the authors, whatever immigration problem there may be—and they hold that there is one—is economic and not social or racial. Hence the emphasis on the immigrant in industry, on the displacing of native labor, and on the danger to the standard of living. Very little is said about heredity, and eugenics is not mentioned. To give such exclusive prominence to the economic factors, seems to the writer fundamentally erroneous. It is true that, from the practical and political points of view, economic effects of bad immigration are among the most conspicuous; but the instincts and habits which cause a low standard of living, willingness to underbid native labor, and migratory habits, are matters of race and inheritance. One cannot imagine men of the Baltic race being willing to live as do many of our recent immigrants, no matter how poor they might be. Against this view is the argument that such tendencies are only temporary, and attention is called in one chapter to the investigations of Professor Boas,

tending to show modifications in the skulls of immigrant children. Many biologists dispute Boas' conclusions; and it would still have to be proved that changes in the skull involve changes in character.

The figures for crime (p. 54) and for school children (pp. 283-285) are not worked out with reference to population, only the absolute figures or percentages being given. The authors seem, also, unduly optimistic over the working of the present law. On page 27 they say, "with very rare exceptions every immigrant admitted to this country is now in good health"; and, as to mental defectives (p. 47), "the present law on this point seems to be satisfactory." They also speak, on page 44, of the fines on steamships as having made the transportation of diseased aliens unprofitable. The testimony of the Commissioner of Immigration at New York, and of the New York state officials, is directly contrary on all these points. The fines on the steamships foot up each year to a large amount; and, in a recent case within the writer's knowledge, of 300 aliens certified as defective by the examining surgeons, all but 3 were landed. Hence the reference (p. 326) to "the present rather rigid enforcement of the laws" seems to the writer unfortunate. The authors also fail to give due weight to the objections to distribution of immigrants, in the absence of more restrictive legislation, which were clearly set forth in the last report of the Commissioner-General.

The probability of new legislation may account for the insertion of the text of the pending Dillingham bill instead of that of the present law; and lack of space, for the absence of any bibliography. The statistical appendix contains many useful tables.

PRESCOTT F. HALL.

*The Declining Birth-Rate: Its National and International Significance.* By ARTHUR NEWSHOLME. New Tracts for the Times. (New York: Moffatt, Yard and Company. 1911. Pp. 60. \$.50.)

Within the compass of this slight booklet Dr. Newsholme has dealt successively with three aspects of the problem of the reduced birth-rate. He presents at the outset evidence of the rates of natural increase at different recent periods and in different countries, using for this purpose figures as far as possible cleared of fallacy by his now well-known method of birth-rate correction.

The immediate cause of the declining birth-rate he finds in volitional limitation of the family, by means of checks which at present are not practiced to a uniform extent in the several economic classes of society. But, finally, proceeding from this familiar conclusion to interpret the effects of such differential control, he shows himself exceptionally and agreeably free from panic alarm at the outlook. Restriction of births, he reminds us, has not long been prevalent. Knowledge and acceptance of the restrictive practices will quite likely have spread pretty thoroughly through all social ranks before the present unequal resort to them has twisted the race out of shape. Meantime we may reflect that even for those who are born poor external disadvantages are being overcome, and that an inherent and hereditary inferiority of the working-class population cannot yet be regarded as demonstrated. In spite of all this, the problem is still serious. The hope of solution lies in an enlightened opinion, operating to revise the standards of those who are disinclined to parenthood.

Dr. Newsholme has here added little or nothing to scientific knowledge. It would be easy to find in the literature of population more adequate discussions of practically every topic he has touched upon. But in what he has attempted he has achieved a large measure of success. His book is written for the uninitiated, not for the expert; and to the uninitiated it may be recommended as a sane and useful primer of a subject which ought to be better understood.

JAMES A. FIELD.

*University of Chicago.*

*Die Zukunft der Juden.* By WERNER SOMBART. (Leipzig: Duncker und Humblot. 1912. Pp. 90. 2.50 m.)

The author's researches<sup>1</sup> in the history of the Jews have attracted so much attention that he has felt the need of expressing his views on their future. Sombart believes that the extreme poverty of the Eastern Jews may be alleviated by colonization in and near Palestine, when the growing anti-semitic sentiment in the United States assumes the form of restrictive legislation. For Western Jews he does not favor or believe in the possibility of assimilation, which would deprive the world of one of its most

<sup>1</sup> *Die Juden und das Wirtschaftsleben*, reviewed in AMERICAN ECONOMIC REVIEW, March, 1912, p. 81.

brilliant races, and the efforts toward which would emphasize the most objectionable traits of the Jews, a people whose highest qualities are brought out by racial self-realization and solidarity; hence Zionism is useful as a unifying national ideal. The writer defends German discriminations against Jews as a means of self-protection, but his ideal is complete equality of opportunity moderated by the exercise of discretion by the Jews themselves. One can hardly agree with the author that "unheard of hatred of the Jews" is common in the United States, and one's confidence in his conclusions is affected by this and other evidences of the inadequacy of his information about America.

E. A. GOLDENWEISER.

#### NEW BOOKS

BATESON, W. *Biological fact and the structure of society*. The Herbert Spencer lecture, 1912. (Oxford: Clarendon Press. 1912. 1s.)

BEALE, O. C. *Racial decay*. (London: Fifield. 1912.)

HELBOCK, A. *Die Bevölkerung der Stadt Bregenz am Bodensee vom 14. bis zum Beginn des 18. Jahrhunderts*. Forschungen zur inneren Geschichte Oesterreichs, No. 7. (Innsbruck: Wagner'sche Universitäts-Buchhandlung. 1912. Pp. xiii, 263. 10 m.)

ISEMAN, M. S. *Race suicide*. (New York: Cosmopolitan Press. 1912. Pp. 216. \$1.50.)

To be reviewed.

WHETHAM, W. C. D. and C. D. *An introduction to eugenics*. (Cambridge, Eng.: Bowes & Bowes. 1912. Pp. viii, 66. 1s.)

Mr. and Mrs. Whetham, whose other writings have made them well known among eugenists, here venture on the difficult task of outlining their subject in such a way as to attract and inform the newcomer. They have chosen to survey the whole field of eugenics rather than to fix attention on a few salient features. The result is inevitably thin; brief exposition and narrative predominate; full discussion of the methods of eugenic study is out of the question. Yet of its kind the little book is excellent.

J. A. FIELD.

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*La mortalità per tubercolosi a Firenze nel quinquennio 1907-11*. (Florence. 1912. Pp. 45.)

#### Social Problems and Reforms

*The Religion Worth Having*. By THOMAS NIXON CARVER. (Boston: Houghton Mifflin Company. 1912. Pp. 140. \$1.00.)

The religion worth having is that which inspires us to the highest continuous economic productivity, and enables our nation to sur-

vive in the struggle for existence. The group is the end, the individual the means only. Production, not consumption, is the end of life—dominion over the earth, not leisure and “culture” the goal. The classic doctrine of economic hedonism (reduced to its lowest terms as the “pig-trough philosophy”) is cast out of the temple, and in its place is set up a hard and fast doctrine of social utilitarianism—a very stoic and very austere “work-bench philosophy.” Far from admitting even for a moment that there can be anything in the idea of art for art’s sake or culture for culture’s sake, the author swings to the other far extreme and posits work for work’s sake as the supreme end of life. Enjoyment is a by-product. Consumption beyond what is necessary for efficiency is gazed at askance, in fact roundly condemned. Competition is glorified as the test of efficiency, and inequality is justified by works. Here is an extremely virile doctrine, an unfaltering following out to their full logical conclusions of the fundamental assumptions, or facts, if they be facts for all time, of struggle and selection. The biologico-economic interpretation of society and ethics, which so evidently guided Professor Carver in the choice of selections in his *Sociology and Social Progress*, is here pushed unhesitatingly into the religious field, and Christ is claimed as the great sponsor of an economic ethics almost Nietzschean in character. Blessed are the meek because they are the scientific and have the only true faith—faith in the stability and workability of God’s laws (the laws of nature), because they are teachable searchers after useful knowledge, and shall therefore logically inherit the earth. The poor are poor largely through their own laziness and dissipation—failure to conserve their resources; and the weak are rightly eliminated through competition, provided it be free and fair. Much fault could be found with these sharp and unlovely conclusions, the more because the author does not always display in his language freedom from an irritated intolerance—perhaps justified, we do not know—of the more easy-going, “liberalistic,” religious idealism of the day, or from an impatient scorn for democracy’s most recent yearnings and strivings, which he regards as a fruitless faith in “voting” and “palaver.” Nevertheless he has put forth a little book that should be a tonic, a healthy galvanic shock, to every reader, because it in effect demands a more rational perspective in social and religious ethics—less attention to the weak, degenerated, and parasitic, more to the poten-

tially efficient and productive. Nor does one have to accept Professor Carver's root notion of an interminable struggle and elimination—à la Benjamin Kidd—to see this essential truth in his book.

The author deserves a vote of thanks, in these days of discursive writing and cheap printing, for the brevity, clearness, and logic of his style. He says what he wants to say and has done with it. We wish, however, that he had not been quite so brief. He leaves unanswered a number of insistently recurring questions. After all, what is the use of obtaining dominion over the earth? Why should one toil and toil if it be only to toil more? If prosperity and wealth are so dangerous to moral virility as he suggests, can he really hope for any religion (especially his own, which is directed always at more wealth) which shall really be strong enough to keep man from degeneration? Perhaps these questions would disappear, did the author sufficiently define what he means by productivity. What is necessary for efficiency? Evidently he leaves a bridge behind him after all, for it would doubtless be argued stoutly by our successful rich that their apparently luxurious expenditure is all "necessary" to keep them in proper frame of mind for efficient work. The author's present view of the problem of population is also left in question. We had thought him a Malthusian, but he shows indications of fearing race suicide much more than overpopulation, and even, like Karl Pearson, of welcoming overpopulation as a spur to conflict and thus to race progress. All this, too, raises the question whether his philosophy is not essentially a male philosophy for a man-made world, rather than a full human philosophy with both men and women in its purview. We are left with a feeling that the author would go with some of the popular eugenists of the day and make woman a mere reproductive organism rather than an integral part of this race, the progress of which is still to entail so much conflict and so much pain. But this feeling is probably due to the brevity with which the author states his thought. We need now another book from the same source, applying the religion of productivity to some of these concrete problems in more detail and fullness.

A. B. WOLFE.

*Oberlin College.*

*The Spirit of Social Work.* By EDWARD T. DEVINE. (New York: Charities Publication Committee. 1912. Pp. xi, 230. \$1.00.)

*The Spirit of Social Work* consists of a series of addresses upon various aspects of social reform, delivered during the past six years by Dr. Edward T. Devine. The subjects of these addresses cover a wide field, including substantial value of woman suffrage, the conservation of human life, certain aspects of the problem of crime and the police, the improvement of tenement houses, the religious treatment of poverty, and the dominant note in modern philanthropy. They were delivered usually before popular audiences, and were intended to arouse their hearers, not merely to understand modern social evils, but to fight against them. The subjects have been handled with lucidity, with vigor, with largeness of spirit, with a thorough understanding of practical conditions, and with an equally thorough philosophical grasp of the principles underlying the better modern philanthropy. Dr. Devine's definition of the dominant idea in these discourses is "a determination to seek out and to strike effectively at these organized forces of evil, at those particular causes of dependence and intolerable living conditions which are beyond the control of individuals whom they injure and whom they too often destroy"; and this quotation may stand as the keynote of the book.

HERBERT CROLY.

*Social Pathology.* By SAMUEL GEORGE SMITH. (New York: The Macmillan Company. 1911. Pp. viii, 380. \$2.00.)

Defining social pathology as "a study of social defeats," this book takes up in a brief but lucid manner the chief problems of the abnormal classes in America. Dr. Smith's point of approach is that of the experienced practical worker in social amelioration, but he has not ignored the important background of theory. Three fundamental principles are set forth in the preface: that both society and the individual are dominated by psychical influences; that the importance of the individual depends on social efficiency; and that the study of degeneration should be begun earlier in the career of the individual than it generally is, because it should deal with causation rather than with symptoms. Whatever the importance of heredity, Dr. Smith maintains that social environment is the primary factor to be studied in dealing with social failures,

since the chief problems of the individual are usually settled for him before he is fourteen.

The book places salutary emphasis on the principle that poverty is a relative term. It is even more elastic as a term than is standard of living. "Whether a man has a comfortable bed depends quite as much upon the man as it does upon the bed." Normality also is to be construed as a thing to be measured by group standards. Fitness for survival depends not on abstract moral worth but upon practical adaptation to the time and place in which the individual is placed.

The chief subject matter of the book falls into four divisions: Pathology of Condition (poverty), Pathology of Conduct (crime), Pathology of Mind, and Pathology of the Senses. The brief initial chapter of the first division on the Art of Living is particularly fruitful. Dr. Smith believes that thrift and economy should not be left wholly to individual choice, and holds that "a wise paternalism is the wisdom of the modern world."

A serious objection may be raised to the inclusion of so many problems within the scope of the book that several of them are little more than mentioned. Thus one chapter of twenty pages is made to cover the subjects of drunkenness, suicide, immigration, dissolution of the family, illegitimacy, and prostitution. The term social pathology is, in practical usage, gradually narrowing down to include those subjects which Dr. Smith has so ably treated in the first four divisions of his book. The same objection may be made to the chapter on Social Therapeutics, unless, indeed, the chapter on Eugenics be taken as supplementing it. To the claims of the new science, Dr. Smith accords only a limited recognition. Two fundamental difficulties with it are that the active elimination of the unfit would crush out the gentler virtues and make society cruel, and that we know and are likely to know too little of the laws of heredity to be able to predict what marriages would produce the most efficient offspring.

The book is well adapted for class use and is one of the best available for the general student of social problems. There is a compact bibliography and a carefully selected set of statistical tables bearing on social conditions in Europe and America.

ULYSSES G. WEATHERLY.

*University of Indiana.*



*The Philanthropic Work of Josephine Shaw Lowell; Containing a Biographical Sketch of her Life, together with a Selection of her Public Papers and Private Letters.* Collected and arranged for publication by WILLIAM RHINELANDER STEWART. (New York: The Macmillan Company. 1911. Pp. xvi, 584. \$2.00.)

Mr. Stewart, himself a colleague of Mrs. Lowell, and, as President of the New York State Board of Charities, conversant at first hand with much of her work, has made this book just what it ought to be. The story of Mrs. Lowell's social activities, beginning in her girlhood during the Civil War and continued till her death in 1905, typifies and illuminates the social development of the period, a development which she took a noteworthy part in shaping.

The enumeration of her activities suggests by their sequence the significance of the succeeding years and at the same time serves as the best guide to what material may be sought in this volume. The Woman's Central Association of Relief for the Army and Navy of the United States claimed her during the war; the Freedman's Association, immediately after. Then followed her work on the the Visiting Committee of Bellevue and other hospitals, which, with Miss Louisa Schuyler, she helped to form in 1872; her important work, from 1872 on, in connection with the State Charities Aid Association; her appointment in 1876 as the first woman commissioner of the New York State Board of Charities; and the founding, very largely through her efforts, of the New York Charity Organization Society in 1882. With this group of activities may be classified her manifold efforts for the improvement of public institutions and for a more intelligent and kindly treatment of their inmates; for the segregation of the different classes then herded in promiscuous poorhouses; for a separate reformatory for women; for state custodial care of feeble-minded women; for state care of all indigent insane (secured in 1898); for dependent children; for police matrons in station houses; for a labor test wood-yard (1887) and municipal lodging houses (1896); and the important relief work of the panic year 1893-4 in which her leadership was of nation-wide import.

In a somewhat different field lay her efforts on behalf of civil service reform (the Women's Auxiliary Association was formed by her in 1895 at the desire of Carl Schurz), of equal suffrage, and through the Woman's Municipal League of the City of New

York, organized by her efforts, for civic reform in the anti-Tammany campaigns of 1894 and 1897. She was actively interested in the movement for international peace, to which she gave herself especially at the time of the International Peace Congress in 1904, and in the cause of the Filipinos.

Her pioneer work in behalf of playgrounds and recreation piers began at least as far back as 1890. Even more modern is her interest in labor questions which led her in 1889 to withdraw from the State Board of Charities in order to give her time to this set of problems. Her pronouncements on prison labor, on strikes and conciliation, on "workingmen's rights in property created by them," and on the living wage, are interesting, sometimes surprisingly radical. An active friend of the Working Women's Society (organized 1886), she was first president of the Consumer's League (1891-96), and influential in securing such reforms as the appointment of women factory inspectors.

It is well that Mr. Stewart's volume contains so much of Mrs. Lowell's own direct and effective presentation of her views. The unanalyzable sense of personality which is the salt of all biography nobly savors this whole book.

EMILY GREENE BALCH.

*Wellesley College.*

*Social Conditions in Provincial Towns. First Series: Portsmouth; Worcester, Cambridge, Liverpool, Edinburgh, Oxford, Leeds.*  
Edited by MRS. BERNARD BOSANQUET. (London: Macmillan and Company. 1912. Pp. 82. 1s.)

In this little booklet several writers, each considering only one community, undertake to draw a brief verbal sketch of the social, economic, and sanitary conditions that prevail. For conciseness and graphic description of the housing problems, the problems of unemployment, morality, poverty, and vice, the work leaves little to be desired. From the point of view of the interest that the ordinary citizen may manifest in his own community these sketches may serve to rejuvenate some of the efforts, either local or national, towards solving the serious difficulties that are represented. The student of facts, however, will find that much that is said in the articles is based upon personal observation and opinion which cannot be verified by figures and other evidence which is usually presented in sociological studies of communities. The American

reader will find in this pamphlet description of conditions which might be duplicated in almost any city of the same size, and with similar industrial opportunities, in the United States. Each of the communities considered is typical of its kind and each presents social problems which are the result of its industrial development and its history.

CAROL ARONOVICI.

*Bureau of Social Research, Providence.*

*Grants in Aid: A Criticism and a Proposal.* By SIDNEY WEBB. (London, New York: Longmans, Green and Company. 1911. Pp. 129. 5s.)

The text fills 110 pages; a bibliography fills 19; the latter is chiefly of information bearing on grants for particular purposes, as finance and governments. This book seems to be, says Mr. Webb, the first one to appear as a treatise on grants in aid. The first sentence is that "The Grant in Aid," a device peculiar to English administration, has hitherto failed to receive the consideration that its practical importance deserves," and soon follows (page 3) the interesting statement that "if we seek to estimate the real as distinguished from the nominal constitution of the United Kingdom of the present day . . . we may come to the unexpected conclusion that the Grant in Aid, mere financial adjustment though it seems to be, is more and more becoming the pivot on which the machine really works." Mr. Webb's argument is plain. From the civil war of the middle of the seventeenth century to the middle of the nineteenth century, nearly all public administration was in local hands, and the central government left them alone: there was "an anarchy of local autonomy." Then, without theory and almost unnoticed, there grew up a way of securing national supervision and control, required in the interest of the community as a whole, without offending local autonomy and without losing the value of local initiative. By grants in aid, from the national exchequer, to one local governing body after another, for particular purposes, the national government bought rights of great import, for the general welfare. In 1830, the total annual payments of such nature, mostly odds and ends of historical survivals, were probably less than a hundred thousand pounds; now, the total for the United Kingdom is probably near thirty millions; and vast increases are likely.

The objects as usually given for these grants may be grouped as: for equitable mitigation of inequalities in financial burdens; to secure necessary supervision and control by the national government; to encourage the kinds of expenditures most desirable in the interest of the community as a whole. The chief object, of course, to social reformers is the possibility of thus securing a "national minimum" in the elements of civilization upon which the whole community should insist. For example, the Home Office has been able, through grants and supervision, to secure everywhere a national minimum of county constabulary: it has not been able to secure such in the field of child protection and nature, under abundant laws, because there is no provision for a central authority to supervise, with effectiveness, the local authorities. Public opinion is working in the way of national regulation through grants in the following services: public health, provision for the ill in mind and body, and all-round education of the child.

Student workers in the United States may well consider the thesis of this little book; for they must more and more face that vital problem of democracy—how to get local communities to use special knowledge in civics and social matters. We shall probably use more state coöperation and money with local authorities in matters of education and health. Mr. Webb well pleads for a truly educational use of such coöperation. England has so far failed too much in getting full returns for the large investment in grants. But the expression of the government's buying the right to regulate is not a helpful one. Logically carried out, the government could not regulate private agencies, as of education or charity, without the use of public money. We prefer the theory of a reasonable responsibility of the state for all its creatures, corporations public or private, without question of public money.

JEFFREY R. BRACKETT.

*Année Sociale Internationale, 1912. Troisième Année.* (Reims: Action Populaire. 1912. Pp. 768, 209. 9 fr.)

Much interesting information on current social questions is conveniently accessible in this volume. Its point of view, that of the Roman church, leads to but brief and unfavorable treatment of such a topic as socialism. Part I, dealing with the family, discusses vital statistics, housing, hygiene, moral and social problems

(alcoholism, obscenity, criminality), cost of living, woman. The discussion is of remedial and constructive developments, chiefly for France, much less elaborately for other countries. A similar procedure is followed in the subsequent parts: Trade Unionism, Labor Legislation, Socialism, Coöperation, Mutual and Social Insurance. In an appendix the year's developments are reviewed for each of a series of foreign countries. Authoritative sources of information seem in general to have been utilized. The brief special bibliographies scattered through the volume are valuable, but readers of another school of thought will desire to supplement them.

R. F. F.

#### NEW BOOKS

BAGNELL, R. *Economic and moral aspects of the liquor business and the rights and responsibilities of the state in the control thereof.* (New York: Funk & Wagnalls. 1912. Pp. viii, 178. 75c.)

DAVIS, B. M. *Agricultural education in the public schools.* (Chicago: University of Chicago Press. 1912. Pp. 163. \$1.)

DEHERME, G. *Les classes moyennes, étude sur le parasitisme social.* (Paris: Perrin & Cie. 1912. 3.50 fr.)

JEPHSON, A. W. *Municipal work from a christian standpoint. Christian Social Union handbook.* (London: Mowbray. 1912. Pp. 216. 2s.)

LINDEMANN, H. and SUDEKUM, A. *Kommunales Jahrbuch. Vierter Jahrgang 1911-1912.* (Jena: Fischer. 1912. 16 m.)

Contains sections on housing, labor, charity, and taxation.

MONEY, C. *Things that matter. Papers upon subjects which are, or ought to be, under discussion.* (London: Methuen & Co. 1912. Pp. x, 229. 5s.)

These essays include questions relating to wages and industry, prices and the cost of living, education, insurance, emigration, and foreign investments.

NEARING, S. and N. M. S. *Woman and social progress. A discussion of the biologic, domestic, industrial, and social possibilities of American women.* (New York: Macmillan Co. \$1.50.)

RANO, D. *Como vive il popolo a Roma.* (Pescara: Croce. 1912. Pp. 923. 10 fr.)

Careful distinction is made between beggars and deserving poor. Numerous statistics are given. A second volume will treat of moral conditions.

REES, J. D. *Current political problems with pros and cons.* (New York: Longmans, Green & Co. 1912. Pp. 11, 423. \$1.40.)

SACHET, A. *Traité théorique et pratique de la législation sur les retraits ouvrières et paysannes.* (Paris: Larose. 1911.)

WERDENBERG, E. *Illustrationen zur Teuerungsfrage.* (Basel: Kober. 1912. Pp. 24, illus. 0.60 m.)

WHITIN, E. S. *Penal servitude.* (New York: National Committee on Prison Labor. 1912. Pp. iii, 162, viii. \$1.50.)

To be reviewed.

WILSON, R. K. and LEVY, J. H. and others. *Individualism and the land question.* (London: Personal Rights Association. 1912. Pp. 120. 1s.)

WOLF, A. B. *Social problems, An analytical outline for students.* (Oberlin, Ohio.: Oberlin College. 1911. Pp. 48.)

A well-arranged syllabus outlining several of the most important practical social problems. Intended primarily for class use. Has no bibliographies. The subjects presented are: population, immigration, marriage and divorce, the woman problem, and the race problem.

U. G. W.

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*The great analysis. A plea for a rational world-order.* Introduction by G. MURRAY. (London: Methuen. 1912. Pp. xii, 122. 2s.)

*Vocational training in Chicago.* (Chicago: City Club. 1912. \$1.50.)

## Insurance and Pensions

*Studies in Practical Life Insurance. An Examination of the Principles of Life Insurance as Applied in the Policies, Reports, Agency and Office Methods of the New York Life Insurance Company.* By JAMES M. HUDNUT. (New York: New York Life Insurance Company. 1911. Pp. 148.)

Notwithstanding the tendency toward uniformity in life insurance practice, there remain many details in which methods differ. Thus, while all companies allow surrender values, there is wide divergence in the methods of computing such values; while all companies are required to observe the "contribution principle" in apportioning dividends, each company follows its own interpretation; while the methods of loading net premiums do not, perhaps, defy classification, they are none the less various; while there are only two general methods of agency organization, there is not a little diversity in the relations of solicitors to the home office; and even in home office organization and routine there are naturally numerous adjustments to suit purely local convenience. Because

generalization is difficult and often impossible in regard to these matters, textbooks usually treat them inadequately.

There are, therefore, many advantages in departing from generalizations, and describing the methods of particular companies. In this way principles may be clarified by showing their concrete applications; the dependence of peculiar methods in one particular upon peculiar methods in other particulars may be shown; and the entire subject may be presented more vividly by actual rather than hypothetical illustrations. These are some of the merits of Mr. Hudnut's exposition. Special treatment is particularly appropriate in the case of the New York Life Insurance Company, since there are many characteristics which distinguish it from practically all of its rivals, among which are: its magnitude; its compliance with the laws of nearly every important state and nation; its great variety of special risks, including sub-standard, occupational, semi-tropical and tropical hazards; its agency organization, and methods of compensating solicitors; and its method of electing directors.

The author disclaims the intention of adding to the textbooks on life insurance. He proposes only to "take up a few representative policies, consider all their clauses and follow them through all possible phases of their history, showing what the company receives on account of them and what it does with the money." But these "Studies" present the subject more systematically than some more pretentious works. Moreover, in describing the contracts, the fundamental computations, the official reports, and the organization of his company, the author has produced an interesting monograph, simply and vividly written, but admirably explicit in its discussion of details.

The book includes a chapter by Darwin P. Kingsley, and an appendix containing the most important sections of the insurance law of New York.

WILLIAM H. PRICE.

*Yale University.*

*Insurance Science and Economics. A Practical Discussion of Present-Day Problems of Administration, Methods and Results.*

By FREDERICK L. HOFFMAN. (New York: The Spectator Company. 1911. Pp. xiii, 366. \$3.00.)

Mr. Hoffman has covered a tremendous amount of literature in the preparation of this volume. He has drawn extensively upon

the physical sciences, philosophy, history, commerce, economics, besides the voluminous but scattered literature of insurance.

The book centers around three principal themes: (1) that the study of insurance is strictly a science; (2) that the business of insurance is commerce; in the United States it is properly interstate commerce, and as such should be taken from state and placed under federal control; (3) that the insurance business should not be taxed, except possibly its real estate; that in the United States taxation is particularly haphazard and burdensome and should be immediately reformed. The introduction and first two chapters center around theme one; the next three chapters around theme two; the next two around theme three. Chapter 8 makes a brief survey of the English Assurance Companies' Act of 1909. Chapter 9, the concluding chapter, is a discussion of averages.

The principal theme is the second. The Constitution of the United States gives Congress power to regulate interstate commerce; but, the Supreme Court of the United States holds that insurance is not commerce and is therefore not subject to federal control. Because of this view the control of the insurance business has fallen entirely to the individual states, resulting in multiplicity and divergence of legislation, greatly hampering the business and accomplishing little good. Control should be simplified and centralized, and for this purpose should be placed with the federal government. This, however, according to the Supreme Court, cannot be done. The Constitution does not say what is and what is not commerce; the Supreme Court has made its own opinion law. Mr. Hoffman shows by ample evidence that this opinion is contrary to common sense, the facts of history, expert judgment, and the practice in other countries—but unfortunately the court's view is the law of the land!

Mr. Hoffman makes also a great deal of the third theme—that the insurance business should not be taxed except perhaps its real estate. Here there is ample ground for difference of opinion. It is true that there is lack of uniformity in insurance taxation and that the taxes should not be levied upon premium receipts. The average life insurance tax in the United States is 2.15 per cent of premium receipts, which Mr. Hoffman considers exceedingly burdensome. On the face this rate does seem high. But, suppose we view the matter in another way. On its total admitted assets, the



New York Life, the largest life company in the country, pays a tax of only .002 per cent, or two mills on the dollar; this is approximately the rate paid by the Mutual, and the Equitable; five mills is certainly the maximum for life insurance as a whole. As taxes go, this rate is far from excessive.

It is not very clear why the three and a half billions of life insurance assets should go untaxed. These assets cover principally the reserves of policy holders, who for the most part belong to the middle and wealthy, and not to the poorer classes. If these assets had been placed anywhere else for investment, they would probably have had to pay taxes—why not insurance? Is the effect of paying taxes any different whether (say) \$500 is invested in a corporation bond or credited to the reserve of a life insurance policy? In either case you may say that the tax is on savings and thrift, and finally in case of death falls upon the family of the saver. Probably all taxes have these discouraging effects or attachments.

Two general criticisms should perhaps be added: (1) The title of the book is over-ambitious; it suggests a systematic treatment of the principles of insurance, and there is no such treatment. (2) The book is rather discursive and has unnecessary repetitions. Considerable material is included, which is interesting enough, but is quite extraneous to any clear-cut insurance discussion. But, in spite of criticism, the book is an exceedingly valuable one; it is clear, interesting, and suggestive.

JOHN BAUER.

*Cornell University.*

*Die Vorarbeiten zur Herstellung gemeinsamer deutscher Sterblichkeitstafeln.* By DR. SCHMERLER (Hamburg). Introduction by EUGEN LINDE (Magdeburg). (Berlin: Ernst Siegfried Mittler und Sohn. 1911. Pp. 80.)

This pamphlet was printed February, 1911, as Number XXII of the publications of the Deutschen Vereins für Versicherungs-Wissenschaft. As the title indicates, the brochure deals with the preliminary work preparatory to the somewhat elaborate and extended investigation which is now being made into the recent mortality experience of German life insurance companies. As will be quite apparent to any reader of this pamphlet, the present investigation of the combined mortality experience of such of the

German life offices as elect to furnish their quota of the material wanted has been planned and is being carried out in a manner quite characteristic of all German scientific research work. The German makes haste slowly but the results are usually well worth while and are more enduring than those achieved by less thorough, more careless and speedy methods. Perhaps the best recent illustration of German, in contrast to American, methods is to be found in a comparison of how the German insurance code was constructed in contrast with the ill-considered laws which emanated from the New York legislative mill in 1906 only a few months after the close of the Hughes investigation. In Germany the subject matter was threshed out item by item, was discussed by everyone competent to do so, and the exhaustive code was finally enacted into law only after years, rather than months of consideration.

Modern changes in mortality have been so pronounced that life companies everywhere have felt the need of possessing modern standard life tables against which to measure their mortality experience.

The mortality tables now in general use in Germany are based upon the combined experience of 23 German life offices to December 31, 1875, and were published in 1883. The unfavorable experience with annuity business apparently first raised the question as to the applicability of the old tables as efficient present-day standards for the measure of expected mortality. The subject was first seriously considered in October, 1905, when a commission of three members was appointed by the *Vereins Deutscher Lebensversicherungs-Gesellschaften* to investigate the matter in some detail. The late Dr. Schmerler of Hamburg was a member of this original commission; he took a very active part in all of the preliminary work, lived to see most of his recommendations adopted, and died as recently as April 14, of this year.

A fourth member was soon added to the commission and a first report was made in June, 1906. The membership of the commission was increased from time to time as the preliminary work advanced and it was found desirable to make use of all the expert talent readily available. Reports were made at quite frequent intervals from 1905 until March, 1910. The main results of these preliminary discussions may be stated briefly as follows:

1. It was found desirable that new mortality tables be constructed.
2. The question as to kind of tables—aggregate, select, or partly

select—was left for determination until the material should have been collected.

3. The new tables are to be constructed from records prepared and compiled according to absolutely uniform and well-defined rules.
4. The material is to be so collected that certain classes of risks may, if the facts warrant, be treated separately. These classes are to be in six groups: occupations, physical or personal peculiarities, heredity, previous sickness from specified causes, military service or non-service (males), and miscarriage or abortion (females).
5. The individual life offices are to write the cards, but the compilation of the data is to be done by a central bureau, the expense of which is to be borne pro rata by the contributing offices.

The existing life tables, and the similar investigations of the past and present in Germany, Austria, England, and the United States were all carefully reviewed and discussed by Dr. Schmerler and his colleagues during the five years of preliminary study; and finally, on March 1, 1910, the central bureau or office, located in Berlin, began its activity under the direction of Julius Altenburger, of Budapest.

That the present life tables used by German companies are based upon conditions which no longer obtain in German mortality was shown conclusively by comparing the male death-rates of those tables with the male death-rates of the new German life tables, which are based upon the total population of the Empire, and upon the deaths during the decade 1891 to 1900. These latter rates were found to be lower up to age 65 than the rates in the combined experience tables of the 23 German offices, to December 31, 1875, and this was considered quite conclusive evidence that there had been a material reduction in the death-rate at all or nearly all of the insurable ages during the last thirty-five years.

In making up the mortality cards in the German investigation it is proposed to make provision for the study of several occupations, distinction being made of such dangerous and unhealthy trades and industries as yield sufficient deaths to make the compilation of the returns worth while. The question of occupation appealed so strongly to Dr. Schmerler that he suggested extending this inquiry so as to include such classes as chauffeurs, cement workers, powder-mill officials, wine-growers, etc., and, in fact, nearly all the well-defined trades or industries.

Risk-classes according to personal peculiarities are six in num-

ber, according as the insured has: (1) Emphysema, (2) curvature of the spine, (3) hernia, (4) neurasthenia, (5) pulse rate over 96, (6) slightly irregular pulse.

Risk-classes according to heredity are twelve in number, as follows: (1) Both parents living or dead at ages above 70, (2) both parents dead at ages below 50, (3) one of the parents dead or suffering from apoplexy below age 70, (4) from heart disease below 70, (5) from diabetes below 70, (6) from cancer below 70, (7) from tuberculosis below 70, (8) neither of the parents, but one or more of the brothers or sisters dead or suffering from tuberculosis, (9) both parents dead of tuberculosis, (10) insanity or epilepsy in the parents, brothers or sisters, (11) suicide, and (12) gout or chronic articular rheumatism in the parents, brothers or sisters.

The effect on mortality of previous sickness of applicants for life insurance is to be studied under twenty-two classes of diseases: (1) Acute catarrh, (2) discharge of blood by coughing, (3) pleurisy, (4) tuberculosis of joints, (5) scrofula, (6) hemorrhage of the lungs more than once, or within two years, (7) inflammatory rheumatism, (8) gout, (9) palpitation of the heart, (10) hemorrhage of the stomach, (haematemesis), (11) appendicitis (without operation) within the last two years, (12) appendicitis (without operation) more than two years previous to application for insurance, (13) gall stones or hepatic colic, (14) chronic jaundice, (15) casts, stones or gravel in the kidneys, (16) discharge from the ear, (17) nervous exhaustion or neurasthenia, (18) epilepsy, (19) bronchial asthma, (20) syphilis, (21) traces of sugar in the urine, (22) albumin in the urine.

The six military service classes are as follows: (1) Has not yet served, (2) has performed service required by law, (3) has been discharged on account of ill health, (4) rejected on account of incapacity, (5) rejected or excused for other reasons, (6) unknown whether in service or not.

Finally, the question is to be asked of women, whether or not there has ever been a miscarriage, or an abortion.

The German investigation is being conducted in a somewhat different manner than that now nearing completion in this country under the auspices of the Association of Medical Examiners and the Actuarial Society of America (Medico-Actuarial Mortality Investigation). Fewer classes will be dealt with in the German

investigation, but the classes are somewhat more clearly defined, and the returns from the contributing offices will be more uniform than the returns in the American investigation. Every item on the fundamental and supplementary cards is precisely defined in the German investigation and the definitions are furnished to every contributing office. On the other hand, in the American investigation considerable latitude is left to the various offices in the treatment of certain classes. For example, one of the occupation classes in the American investigation is "Teamsters, excluding those in the liquor trade," but the term is not further defined. The preparatory work, then, in the German investigation may be said to have been done in a very thorough manner and the ultimate results should yield some extremely valuable facts, which, with the results of the American investigation, should furnish a basis for medical and actuarial work such as has never previously been available in life insurance practice. The new life tables which undoubtedly will be constructed from the new materials will add greatly to the certainty with which a given mortality experience can be measured.

Insurance medicine is apt to gain most by these new investigations, for it is in that branch of life insurance practice that are found the widest gaps between what is known and what is unknown; between what are attainable and highly desirable facts and the present lamentable paucity of knowledge on subjects which should long since have been thoroughly investigated in the abundant materials ready at hand in the large experience of life offices both in this country and abroad.

F. S. CRUM.

*National Insurance.* By A. S. COMYNS CARR, W. H. STUART GARNETT, J. H. TAYLOR. Preface by the RIGHT HON. D. LLOYD GEORGE. (London: Macmillan and Company. 1912. Pp. xxx, 504. 6s.)

*Studies in Workmen's Insurance: Italy, Russia, Spain.* By I. M. RUBINOW. (New York: Columbia University Press. 1911. Pp. 1699-2376.)

*The Workmen's Insurance Code (Reichsversicherungsordnung) of July 19, 1911, of Germany.* A translation by HENRY J. HARRIS. (Washington: Government Printing Office. 1911.)

*National Insurance* is an exposition of the English National Insurance Act of 1911; it is intended primarily for the use of

those who are concerned with bringing the act into operation. Of its three authors, Mr. Carr and Mr. Garnett are barristers-at-law, and Mr. Taylor is a member of the council of the British Medical Association. Mr. Lloyd George contributes a preface of a couple of pages. By far the largest part of the book is devoted to the text of the act itself, so fully annotated, however, as to stretch it to many times its natural length. These notes are of a legal character and elucidate the putative meaning of the text by references to acts and statutes which again are listed in tables with cross-references to the notes. Some 100 pages, however, are devoted to a preliminary abstract and survey, from the various standpoints of the employer, the insured, and the physician, and as regards, in particular, the method of administration, the actuarial and financial problem and the moot questions of sanatorium benefits, maternity benefits and the public health.

Whatever else one gets from the book he cannot fail to be impressed with the very great complexity of the act, and the book, by its very attention to details, increases this effect. The first two chapters, to be sure, are intended to give a general notion of the scope and purpose of the act, but the authors, by attempting even here to chronicle exceptions and details, have failed to give an impression of the whole—perhaps that is impossible.

Those who have followed the discussion of the bill will remember the opposition it encountered from the medical profession. The points involved are here discussed very fully. What will be the ultimate relations of physicians to the public, not only under this act but under workmen's compensation, is a matter of conjecture. It is interesting to notice that, in getting rid of the ambulance-chasing lawyer in the passage from the principle of employer's liability to the principle of compensation, we may have introduced some new complications that involve the doctor.

The economic consequences of the English act must, of course, in the main wait to be revealed by experience; and what an interesting experience it will be! Nevertheless the framing of the bill required the exercise of exquisite economic imagination. For a plan of insurance is economically and sociologically unsound whose undercurrent does not steadily bear in the direction of prevention of the very ills that primarily it is designed merely to distribute. It is not difficult to catch glimpses of this purpose between the lines; this, the most fascinating aspect of the subject, is not within

the scope of the present work. The book is an excellent presentation of the law in its details.

*Studies in Workmen's Insurance* is Dr. Rubinow's contribution to the *Twenty-Fourth Annual Report of the United States Commissioner of Labor* on workmen's insurance and compensation systems in Europe; furthermore the book constitutes the author's dissertation for the degree of doctor of philosophy at Columbia University. This report contains undoubtedly the most valuable fund of information that is to be had for those reorganizations of the relations between employer and employed that have swept so suddenly into existence in this country.

The *Workmen's Insurance Code*, by Dr. Harris, is reprinted from "Bulletin" 96 of the United States Department of Labor; it is a translation of the German law of July 19, 1911, which is a codification of all the legislation relating to the several branches of workmen's insurance in the German Empire. Germany, as the pioneer of workmen's insurance, found it inadvisable to attempt to develop more than one form of insurance at a time, so that sickness insurance, accident insurance, invalidity insurance and old-age insurance were developed in turn and under a number of separate laws. The present law, the codification of 1911, represents, therefore, the mature embodiment of Germany's twenty-five years' experience.

A. W. WHITNEY.

*Accidental Injuries to Workmen with Reference to Workmen's Compensation Act of 1906.* By H. NORMAN BARNETT and CECIL E. SHAW. (New York: Rebman Company. 1911. Pp. vi, 376. \$2.50.)

This small volume is an analysis of the English Workmen's Compensation Act of 1906, with special reference to the medical problems involved. After a brief review of the scope of the act and definitions as laid down by the courts as to what constitutes an accidental injury, the authors point out the pitfalls into which the unwary may stumble. The act, for instance, takes no cognizance of the condition of the worker previous to the accident, and yet insurance companies will insure employers of a large number of working people against damages resulting from accidents to

their employees without knowing anything of the physical condition of such employees. This is a poor business policy, for an accident which to a healthy man, provided it does not involve a vital organ, is not a matter of serious moment may be the starting point of extremely serious consequences in a person who has some hereditary predisposition to disease, or who is already suffering from some disease. Employees suffering from arterial disease due to syphilis, from various rheumatic affections, from gout, Bright's disease, diseased condition of the blood vessels, from malignant disease or from alcoholism, may not have any symptoms or discomfort until some accident, trivial in itself, sets free a train of symptoms with disastrous consequences. Yet, in all such cases the accident cannot be regarded as the cause of the serious results following it. Employees, before entering employment, should therefore be examined to determine any conditions of ill health, in order that they may not receive compensation for diseases which would have developed had no accident occurred. Such employees should come under a special heading and should be paid only a portion of the compensation due to a previously healthy person. If all employees were examined, hereditary tendencies would be detected in many cases. The employer or the insurance companies would then be obliged to say whether they would take the risk of employing or insuring such persons.

The difficulties involved in the Workmen's Compensation Act relative to industrial diseases are still more numerous. There have been, thus far, few court decisions relative to the matter, and these have been contradictory. Thus, for instance, infection with the anthrax bacillus has been held to be not a necessary accompaniment of the woolcomber's trade and therefore an accident, and compensation was given. In the case of a sewer-worker, on the other hand, who was poisoned by gas, such an occurrence was judged to be a necessary accompaniment of his work, therefore not an accident, and no compensation was given. The schedule of industrial diseases in the Workmen's Compensation Act includes anthrax; lead, mercury, phosphorus and arsenical poisoning; ankylostomiasis; eczema; telegraphist's cramp; glassworker's cataract; and nystagmus. There are, however, other industrial diseases, such as actinomycosis; aniline poisoning; brassfounder's ague; caisson disease; carbon bisulphide poisoning; fibroid phthisis; and tetanus, besides many others held to be industrial diseases



within the meaning of the act, which would have to be left to the discretion of the courts.

Several chapters of the book are devoted to a brief description of the accidents which are apt to occur involving the various organs and tissues of the body.

This volume will be of interest to all persons interested in workmen's compensation for accidents and injuries, and to persons who are planning legislation similar in scope to the English Workmen's Compensation Act.

W. C. HANSON.

*State Board of Health, Massachusetts.*

*Kapitalanlagen der Versicherungsanstalten in Staatspapieren.*

Veröffentlichungen des Deutschen Vereins für Versicherungswissenschaft, 21. (Berlin: Ernst Siegfried Mittler und Sohn. 1911. Pp. 56.)

*Grundzüge des Versicherungswesens.* By ALFRED MANES. (Leipzig: B. G. Teubner. 1911. Pp. vi, 141. 1.25 m.)

*Kritik des Entwurfs eines Versicherungsgesetzes für Angestellte.*

Veröffentlichungen des Deutschen Vereins für Versicherungswissenschaft, 23. (Berlin: Ernst Siegfried Mittler und Sohn. 1911. Pp. 92.)

The first of these three books on insurance is an excellent discussion, by selected members of the association, on the investment of insurance funds in government securities, presenting its legal aspects, administrative difficulties, and fiscal and business effects, and also discussing the relation of insurance taxes to investment returns. From the point of view of insurance officials, government securities are frequently less to be preferred than corporate securities; and, to make a market for their securities, governments have, in some cases, taken advantage of their power of regulating insurance companies. In the United States a few states have attempted to "keep money in the state" by requiring a large percentage of the premiums collected in the state to be locally invested. European governments have also followed the policy to some extent. Buyers of insurance are, however, interested in securing good returns on their investments quite as much as in knowing that they are secure. Extensive tables are given, showing the character of the investments.

The second edition of the "Outlines of Insurance" by Manes,

does not in treatment exceed its title; it is a useful source of information, discussing concisely and clearly such topics as the following: development and organization, the contract, economic and social aspects, insurance departments, re-insurance, and different kinds of insurance including the ordinary life, accident, fire, security, live-stock, and the less known forms in this country—hail-storm and transport insurance. A bibliography of literature accompanies each chapter.

The *Kritik* is a discussion of the German working-man's insurance law, by selected members of the association. All phases are discussed—the conditions leading up to past legislation, the shortcomings of the past laws, and the prospective effect of the new law.

W. F. GEPHART.

#### NEW BOOKS

- ANNAN, W. *The duties of employers under the national insurance act, 1911. With tables, specimen rulings and appendices.* (Edinburgh: Hodge. 1912. Pp. 231. 2s. 6d.)
- BROWNE, E. and WOOD, H. K. *The law of national insurance.* (London: Sweet & Maxwell. 1912. Pp. xlv, 444. 7s. 6d.)
- EVANS, L. W. *The national insurance act, 1911. Summary with explanatory chapters and full index.* (London: National Conservative Union. 1s.)
- HABERMANN, M. *Versicherungsgesetz für Angestellte.* (Leipzig: C. E. Poeschel. 1911. Pp. viii, 168. 2.50 m.)
- JACK, A. F. *An introduction to the history of life assurance.* (London: King. 1912. Pp. 276. 7s. 6d.)
- KINGSLEY, D. P. *Militant life insurance and other addresses.* (New York: New York Life Insurance Co. 1911. Pp. 441.)
- LEVI, M. *L'assicurazione sulla vita: saggio di economia politica.* (Feltre: P. Castaldi. 1911. Pp. 162. 2.50 l.)
- MEYER, F. *Führer durch die Reichsversicherungsordnung nebst Einführungsgesetz. Abschnitt: Invaliden- und Hinterbliebenenversicherung.* Third edition, revised. (Berlin: Deutscher Verlag. 1912. Pp. 112. 1.25 m.)
- MOORHOUSE, E. A. and WOODHOUSE, J. R. *National insurance act, 1911. Handbook for employers, with specimen account forms for working the act.* (Liverpool: Daily Post and Mercury. 1912. Pp. 44. 2s. 6d.)
- RAABE, E. *Reichsversicherungsordnung und Privatangestelltenversicherung.* (Essen: G. D. Baedeker. 1912. 0.30 m.)

————— *Recueil de documents relatifs aux assurances sur la vie, réunis par le ministère du travail, No. 5. Troisième rapport sur le fonctionnement du contrôle des sociétés d'assurances sur la vie et des sociétés de capitalisation, avec 6 graphiques.* (Paris: Berger-Levrault. 1912. 5 fr.)

————— *Statistik des deutschen Reichs. Die Krankenversicherung im Jahre 1910.* (Berlin: Puttkammer & Mühlbrecht. 1911. Pp. v, 19, 81. 1.20 m.)

## Pauperism and Charities

### NEW BOOKS

CORE, C. *Essai sur l'extinction du paupérisme.* (Paris: Jouve et Cie. 1912. 0.60 fr.)

DELPRAT, G. *La crise du libéralisme en matière d'assistance. Essai critique sur la loi d'assistance aux vieillards, infirmes et incurables, du 14 juillet, 1905.* (Paris: Giard et Brière. Pp. 92. 2 fr.)

DOLE, C. F. *The burden of poverty; what to do.* (New York: Huebsch. 1912. Pp. 124. 50c.)

————— *Paris charitable et bienfaisant.* (Paris: Plon-Nourrit et Cie. 1912. 5 fr.)

————— *Stenographischer Bericht über die Verhandlungen der 31. Jahresversammlung des deutschen Vereins für Armenpflege und Wohltätigkeit am 20, und 21, 9. 1911 in Dresden.* Schriften des deutschen Vereins für Armenpflege und Wohltätigkeit, No. 96. (Leipzig: Duncker & Humblot. 1912. Pp. v, 150. 4.40 m.)

## Socialism and Co-operative Enterprises

### Editor American Economic Review:

Mr. John Spargo in his *Socialism* (p. 10), discussing the origin of the words "socialism" and "socialist," says that, although the first known use in print was 1833, he has had oral information that Owen claimed to have used the words at least ten years before any other writer. There seems to be proof of this in the *Diary of William Owen*, edited by Joel W. Hiatt and printed in 1906 in the Indiana Historical Society publications. On November 21, 1824, (p. 32), Mr. Owen, being then in Philadelphia, recorded that "Mr. Loyd after dinner returned to the Mansion House with us (Robert Owen and William Owen) and we read to him the proposals for a socialist community." This very casual use of the word would seem to show that the Owens had for some time been accustomed to employ it.

HERBERT E. MILLS.

Vassar College.

*Leitfaden zu Vorlesungen über Geschichte und Methode der nationalökonomischen und sozialistischen Theorien.* By ADOLPH VON WENCKSTERN. (Leipzig: Duncker und Humblot. 1911. Pp. iv, 80. 2 m.)

In this reprint of a brochure first published in 1897, the theory of socialism as represented by Marx is brought into opposition to the theory of social reform advanced by Gossen and developed by Schmoller, Wagner, Brentano and other German economists. As Professor von Wenckstern well shows, Adam Smith was ethical philosopher as well as economist and the germs of modern theories of social reform are to be found in his writings. Undeserved reproach has been cast upon Adam Smith because of the one-sided development of his teachings by the classical economists and the Manchester School, who created what Carlyle was almost justified in calling the "dismal science." One of two conclusions might be drawn from their theories: either that they had discovered "eternal and immutable laws," or that the social organization based upon the institution of private property was rotten. The latter was the inference drawn by Marx.

Professor von Wenckstern has no quarrel with the labor-cost theory of value, which, he says, can be reconciled with the theory of Gossen and the Austrian School, for in both cases we have labor-cost or disutility on the one hand, and marginal utility or socially necessary production on the other. Marx would say: "Like quantities of work exchange for one another"; while Gossen would say: "Usually unlike quantities of work exchange for one another." These apparently contradictory statements are seen to be in harmony when one remembers that Marx has in mind "socially necessary labor," while Gossen is thinking of individual efforts not yet recognized as socially necessary. But Gossen and Marx are wholly at variance with regard to the theory of surplus value in which a false concept of an absolute value is confounded with a relative concept of exchange value. Marx makes no allowance for the calculating and speculating function of the capitalist-entrepreneur, without which labor would not result in the creation of social utilities. In production, value is created; in exchange, value is realized; and under the capitalistic system the entrepreneur who brings this result to pass is not an exploiter but a producer.

Gossen, like Marx, thought it conceivable that the progress of the capitalist class might result in the degradation of the working

class, but insisted that society could not dispense with private property and exchange value, which began with the dawn of civilization and without which men could not be induced to put forth their best efforts and an equitable adjustment of rewards to services would be impossible. Gossen was therefore strongly in favor of legislation for the protection and elevation of the working class.

Professor von Wenckstern has clearly shown that "the heart of the social problem is the problem of rights, especially the rights of labor," and that the justification of private property must be that it is essential to the welfare of the many, that is, the working class.

J. E. LE ROSSIGNOL.

*University of Nebraska.*

*Das Leben eines Landarbeiters.* By FRANZ REHBEIN. Edited by PAUL GÖHRE. (Jena: Verlag Eugen Diederichs. 1911. Pp. 262. 3.50 m.)

It is to a personal experience of the editor of this series that we owe, with two others, this new volume. Göhre's "Three Months in a Workshop" appeared in its English dress in 1895. The author because he was secretary of the Evangelical Social Congress, perhaps because he was himself of very humble origin, was led from sympathy to pass three months in a machine shop in Saxony. The letters describing his experience, published in the "Christliche Welt," excited so keen and wide an interest that a book soon followed which created an extraordinary interest among prosperous folk. Colorless imitations soon appeared, but also the more serious purpose expressed in a series of workmen's biographies, of which the present by Franz Rehbein is the fourth. In 1903 came "Denkwürdigkeiten und Erinnerungen eines Arbeiters." The next year, in two parts, appeared the life story of a modern factory operative (W. Bromme); and in 1909, the life of a technical handworker (Wenzel Holek). Rehbein, the subject of this notice, did not, like the other three, write his book while he was at the work described. In 1895 his right arm was torn out by a steam threshing machine. Bitter days follow this experience. Like so many others in ill luck, he is taken in hand by the director of a socialist newspaper. Slowly he learns to write with the left hand. He is meantime in a journalistic atmosphere, and comes naturally to contribute items especially upon subjects connected with farm life. Three years later he is in Berlin on the "Vorwärts." In 1909, at 42 years of age, he

suddenly died, leaving a wife and six children. The present work had then been some few months finished.

In eleven chapters, the story deals with the minuter details of a hard life experience. It begins in the home of his father, a working tailor, where "thirteen coffee beans have to make fourteen cups." We follow him as a lad into East Pomerania; then as one of that vast multitude of contract laborers into Saxony. In Holstein he becomes Hüttejunge for a small peasant; later Dienstjunge, and last Grossknecht. His three years in the cavalry (ch. 82) would make an invaluable document for the Peace Society. He becomes a social democrat "without knowing it," getting convictions from experience rather than from books—"dispossessing one both of personality and morals, so worthless seems to him the mechanism" of the army.

The story is told with graphic simplicity that reminds one of Gotthelf's famous "Uli, der Knecht." It is distinctively the intimate personal document with its limitations, but also with its persuasiveness and power. It is perhaps the one best worth translation.

JOHN GRAHAM BROOKS.

#### NEW BOOKS

BERRY, W. H. *Our economic troubles and the way out; an answer to socialism.* (Chester, Pa.: J. Spencer. 1912. Pp. 147. \$1.)

BOULEN, A. G. *Les idées solidaristes de Proudhon.* (Paris: Marchal et Godde.)

BOYLE, J. *What is socialism?: an exposition and a criticism; with special reference to the movement in America and England.* (New York: Shakespeare Press. 1912. Pp. 347. \$1.50.)

BRODA, R. and DEUTSCH, J. *Le prolétariat international. Etude de psychologie sociale.* (Paris: Giard & Brière. 1912. Pp. 254. 3 fr.)

CARPENTER, C. *Copartnership in industry; with notes on over 200 British copartnership and profit-sharing schemes, 1829-1912.* (London: Copartnership Publishers, Ltd. 6d.)

CERNESSON, J. *Les associations ouvrières de production et le collectivisme.* (Paris: Giard & Brière. 1912. Pp. 20. 1 fr.)

CHARNAY, M. *Les Allemanistes. Histoire des partis socialistes en France, Vol. V.* (Paris: Rivière. 1912. Pp. 112. 0.75 fr.)

COMPÈRE-MOREL. *La question agraire et le socialisme.* (Paris: Rivière. 1912. 7.25 fr.)

- DEUMER, R. *Das Recht der eingetragenen Genossenschaften.* (Munich: Duncker & Humblot. 1912. Pp. xii, 430. 12 m.)
- DUMOT, E. *Socialismo cattolico, con prefazione di ARTURO LABRIOLA.* (Naples: F. Razzi. 1911. Pp. 87.)
- VON ELM, A. *Gewerkschaften und Genossenschaften.* (Hamburg: H. Kaufmann & Co. 1911.)
- GRAHAM, S. *Where socialism failed.* (London: Murray. 1912.)
- GUESDE, J. *Essai de catéchisme socialiste.* Les documents du socialisme, No. 7. (Paris: Rivière. 1912. Pp. 72.)
- HAUSENSTEIN, W. *Die grossen Utopisten (Fourier—Saint-Simon—Owen).* (Berlin: Buchh. Vorwärts. 1912. Pp. 67. 1 m.)
- HERBERT, A. and LEVY, J. H. *Taxation and anarchism. A discussion.* (London: Personal Rights Association. 1912. Pp. 67.)
- HETZ, R. *Konsumvereine, Kleinhandler und Handwerker.* (Berlin: Puttkammer & Mühlbrecht. 1912. Pp. 76. 1 m.)
- HUBER, J. *Kapital und Verwaltungsbeteiligung der Arbeiter in den britischen Produktiv-Genossenschaften.* (Stuttgart: W. Kohlhammer. 1912. 5.50 m.)
- HUNTER, R. *Socialists at work.* (New York: Macmillan. 1912. Pp. 11, 374. 50c.)
- LABRIOLA, A. *Economia, socialismo, sindacalismo: alcuni scritti.* (Naples: F. Razzi. 1911. Pp. 224. 2 l.)
- LANDAUER, G. *Aufruf zum Sozialismus.* (Berlin: Verlag des sozialist Bundes. 1911. Pp. viii, 164. 2.50 m.)
- MARTENS, R. *Der Dialog mit dem Anarchisten.* (Charlottenburg: G. Bürkner. 1912. Pp. 170. 2.40 m.)
- MILHAUD, E. *L'économie publique, objet, méthode, programme de travail.* (Paris: Rivière. 1912. 0.50 fr.)
- MUTSCHLER, C. *Coopératives et syndicats.* Documents du socialisme, No. 6. (Paris: Rivière. 1912. Pp. 71. 0.75 fr.)
- NORTON, R. H. *Reminiscences of an agitator; with a diagnosis and a remedy for present economic conditions.* (Los Angeles: R. H. Norton. 1912. Pp. 91. 75c.)
- OTTO, B. *Der Zukunftsstaat als sozialistische Monarchie.* (Berlin: Puttkammer & Mühlbrecht. 1911. Pp. 483. 8 m.)
- PAINE, W. *Shop slavery and emancipation. A revolutionary appeal to the educated young men of the middle class.* Introduction by H. G. WELLS. (London: King. 1912. 1s.)
- PEREIRE, A. *Autour de Saint Simon.* (Paris: Champion. 1912.)
- SCHWIEDLAND, E. *Die Wirtschaftsgenossenschaften.* (Vienna: Manz. 1912. Pp. 40. 1 m.)

- SOEMENS, A. *La mutualité en Belgique*. Second edition. (Brussels: V. F. Larcier. 1911.)
- SOMBART, W. "*Socialism and the social movement*." Translated from the German by DR. M. EPSTEIN. (London: Dent. 1912. 8s. 6d.)
- SOREL, G. *Réflexions sur la violence. Les illusions du progrès. La décomposition du Marxisme*. (Paris: Rivière. 1912.)
- SZERER, M. *Les premiers stades du processus de la socialisation*. (Paris: Giard & Brière. 1912. 1.50 fr.)
- THOMAS, A. *Coopératives et syndicats*. (Paris: Rivière. 1912.)
- WAYLAND, J. A. *Leaves of life; a story of twenty years of socialist agitation*. (Girard, Kan.: Appeal to Reason. 1912. Pp. 260.)
- WELLS, H. G. and others. *Socialism and the great state; essays in construction*. (New York: Harper. Pp. 6, 379. \$2.)
- *Monographs on agricultural coöperation in various countries. Vol. I. Germany, Belgium, Denmark, British India, France, Great Britain and Ireland, Norway, Holland, Russia, Sweden*. International Institute of Agriculture: Bureau of Economic and Social Intelligence. (Rome. 1911. Pp. 451. 3.50 l.)

### Statistics and Its Methods

*The Mortality of Alcohol. A Statistical Approximation of the Deaths in the United States in Which Alcohol may Figure as a Causative or Contributory Factor.* By EDWARD BUNNELL PHELPS. Reprinted from the "American Underwriter Magazine and Insurance Review," Vol. XXXVI, No. 1, September, 1911. (New York: Thrift Publishing Company. 1911. Pp. vi, 75. \$2.)

We have in this study the first serious attempt to estimate the influence of alcohol upon the death-rate in the United States. The ingenious method was as follows: From the 187 causes of death which were given in the mortality statistics of the registration area of the United States, 106 were selected in which it was thought that alcohol might have had some influence in causing or hastening death. In the first estimate attempt was made to discover what share of the deaths of males between the ages of 20 and 74 from these 106 diseases was to be directly or remotely connected with alcohol. With this end in view the list was sent to three medical directors of insurance companies, who were requested to put opposite the name of each cause of death a personal estimate of the percentage of male deaths from that cause, between



the ages of 20 and 74, which presumably was directly or indirectly due to alcohol. When these estimates were received by the author he took the arithmetic average of the three estimates as representative of the medical opinion of the country at large. With this percentage and the number of male deaths between the ages of 20 and 74 in the registration area of the United States in 1908, it was a comparatively simple matter to obtain by multiplication the probable number of deaths between these ages which were directly or indirectly due to alcohol. According to this computation, 32,853 of the 198,858 male deaths between these ages, from the 106 causes of death included in the tables, were in whole or part due to alcohol; or 16.5 per cent of the total number of deaths in question. When deaths from all causes among males between the ages of 20 and 74 are considered, the percentage in which alcohol presumably figured becomes 13.2.

Up to this point deaths of males have been alone considered. A second assumption is now made: that the death-rate from alcohol among females was only one fifth as great as among males. When this factor is considered, the ratio of deaths for both sexes, in which alcohol presumably figured, is fixed at 8.4 per cent of the entire number of deaths at adult ages in the registration area.

The estimate is then extended to include both sexes at all ages in Continental United States in 1908, with the conclusion that alcohol may have been directly or indirectly responsible for about 66,000 deaths or 5.1 per cent of the total mortality from all causes at all ages. The accuracy of this estimate rests upon the reliability of the physicians' estimate of the percentage of male deaths, from each of these causes, which are directly or indirectly due to alcohol. In some cases the estimates of the three physicians are very close together, but in other cases far apart.

	Dr. X	Dr. Y	Dr. Z	Average
Heat and sunstroke	10	95	25	43
Tuberculosis of lungs	2	25	8	12
Chronic bronchitis	2	25	10	12
Hemorage of lungs	5	25	1	10

These are extreme cases but they show the lack of agreement between the physicians who made the estimate. In fact, in 79 out of 106 cases the estimate of Dr. Y was at least twice as great as

that of Dr. X, and in over a dozen cases it was at least 10 times as great. It seems somewhat doubtful whether the average of these three estimates could be accepted as equivalent to the consensus of medical opinion in the United States. Confidence in the estimates would have been increased if to these had been added the opinions of certain general practitioners in city and country and certain specialists in different sections of Continental United States. The estimate that alcohol is responsible for one fifth as many deaths among females as males is also somewhat rough.

A minister in New York City is reported to have stated recently from his pulpit that "liquor kills 440 out of every 1,000 every year." Until a scientific study of this important subject had been made, we were bound to have such crude estimates; but, thanks to this book, we now have an estimate which is reasonably close to the truth, and one which will at least afford a scientific basis for discussion.

W. B. BAILEY.

*Yale University.*

#### NEW BOOKS

BACHELIER, L. *Calcul des probabilités*. (Paris: Gauthier-Villars. 1912. Pp. 516. 25 fr.)

KING, W. I. *The elements of statistical method*. (New York: Macmillan. 1912. Pp. xvi, 250. \$1.50.)

To be reviewed.

VON MAYR, G., editor. *Die Statistik in Deutschland nach ihrem heutigen Stand*. Two volumes. (Munich & Berlin: J. Schweitzer. 1912. 42 m.; 45 m.)

VON MAYR, G. *Statistik und Gesellschaftslehre*. Reprinted from *Handbuch des öffentlichen Rechts*. (Tubingen: J. C. B. Mohr. 1912. Pp. 449-576. 3.40 m.)

SCHNAPPER-ARNDT, G. *Sozialstatistik, Vorlesungen über Bevölkerungslehre, Wirtschafts- und Moralstatistik*. (Leipzig: Werner Klinkhardt. 1912. 6 m.)

SILBERGLEIT, H. *Das statistische Amt der Stadt Berlin 1862-1912*. Im Auftrage der Deputation für Statistik in kurzem Abdruck dargestellt. (Berlin: Gebrüder Grunert. 1912. Pp. iv, 81.)

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*Zur Geschichte der hessischen Statistik und ihrer amtlichen Organisation*. (Darmstadt. 1911. Pp. 72.)

*Statistisches Jahrbuch für das Deutsche Reich. 32 Jahrgang 1911*. (Berlin: Puttkammer & Mühlbrecht. 1912. Pp. xxxii, 497, 77. 2 m.)

# DOCUMENTS, REPORTS, AND LEGISLATION

## Industries and Commerce

**OUR TRUE TRADE BALANCE WITH THE WORLD.** No feature of international trade presents so many interesting problems to the economist as the attempt to establish a satisfactory equation of indebtedness between a great commercial power like the United States and the remainder of the world. The task involves every phase of the complex business relations between modern nations, their social intercourse, and the commercial policies of their governments.

During the fiscal year ended June 30, 1910 (the latest period for which complete statistics are available) the balance of payments between the United States and foreign countries was as follows:

### FOREIGN COUNTRIES IN ACCOUNT WITH THE UNITED STATES FISCAL YEAR 1910.

No. of item	<i>Debit</i> Description	Value, actual or estimated
1.	Imports of merchandise into United States for consumption (actual) .....	\$1,557,000,000
2.	Undiscovered smuggling (estimated) .....	5,000,000
3.	Undiscovered undervaluation (estimated) .....	20,000,000
4.	Imports of gold and silver into United States (act.) ...	88,000,000
5.	Share of ocean freights earned by foreign vessels in carriage of commerce of United States and paid by traders of this country (est.) .....	60,000,000
6.	Share of foreign import duties on American goods (total duties \$140,000,000) paid by American exporters (est.) ..	56,000,000
7.	Foreign tonnage duties and local charges paid by American vessels abroad (est.) .....	2,000,000
8.	Coaling and provisioning of American vessels in foreign ports (est.) .....	2,000,000
9.	Payments by United States Government to foreign steamship companies for transportation of ocean mails (act.) ..	1,400,000
10.	Expenditures of American tourists in foreign countries, for passage money, hotel bills, railway transportation, amusements, and other miscellaneous services, but exclusive of purchases of jewelry, clothing, and other articles subsequently declared or smuggled in on return to United States (est.) ...	200,000,000
11.	Remittances by American citizens for education of children in foreign countries (est.) .....	5,000,000
12.	Remittances abroad by aliens and foreign-born citizens: (a) International money orders certified for payment in foreign countries (act.) \$89,300,000;	

*Debit, continued*

	(b) United States domestic orders paid in foreign countries (act.)	\$10,200,000;	
	(c) Drafts by regular and private banks (est.)	\$190,000,000;	
	(d) Express companies' orders and steamship companies' travellers checks (est.)	\$25,000,000;	
	(e) Consular offices, beneficial societies, and other agencies (est.)	\$14,000,000;	
	(f) Currency sent by mail (est.)	\$2,000,000; total	260,500,000
13.	Money carried home by emigrant aliens (est.)		60,000,000
14.	Investments of American capital in foreign countries made during the year (est.)		50,000,000
15.	Income of foreigners from investments of their capital in United States, including income of self-expatriated Americans from their investments in this country—4½ per cent of \$6,000,000,000 (est.)		270,000,000
Total Debit			\$2,636,900,000

*Credit*

No. of item	Description	Value, actual or estimated
1.	Exports of domestic merchandise from United States (profit in handling exports of foreign merchandise from this country may be ignored as counterbalanced by our imports in transit) (act.)	\$1,710,000,000
2.	Smuggling and undervaluation of American exports (est.)	5,000,000
3.	Domestic exports of gold and silver from United States (act.)	168,000,000
4.	Earnings of American vessels in carriage of foreign goods (est.)	10,000,000
5.	Share of United States import duties (total \$326,000,000) borne by foreign exporters (est.)	130,000,000
6.	United States tonnage duties and local charges in American ports paid by foreign vessels (partly est.)	5,000,000
7.	Coaling and provisioning of foreign vessels in American ports (est.)	15,000,000
8.	Expenditures by foreign tourists in United States (est.)	40,000,000
9.	Remittances by foreigners to relatives and friends in United States (partly est.)	75,000,000
	(a) money orders paid in United States	\$27,245,000 (act.);
	(b) bank drafts and currency	\$47,755,000 (est.)
10.	Money brought into United States by immigrant aliens:	
	(a) amount actually seen by United States inspectors	\$28,198,000;
	(b) undisclosed	\$6,802,000 (est.)
		35,000,000

*Credit, continued*

11. Investments of foreign capital in United States made during the year (est.) .....	150,000,000
12. Income of American citizens from their investments of capital in foreign countries—5 per cent of \$1,800,000,000 (est.) .....	90,000,000
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Total Credit .....	\$2,433,000,000
Net Debit .....	203,900,000

It will be noted that the exports of domestic merchandise exceeded the imports for consumption by \$153,000,000. According to the above statement this respectably favorable balance has actually been converted into an unfavorable net balance of \$203,000,000. The showing for the United States, however, in the fiscal year ended June 30, 1911, would be far better, as would appear if complete statistics were available. With domestic exports of \$2,013,000,000, and imports \$1,527,000,000, the favorable mercantile balance reached the unusual sum of \$486,000,000, which would be difficult to offset by the other large items. In fact, I feel confident that the net balance of payments was several millions in favor of the United States. While it is undoubtedly true that the Brussels Exposition, the Passion Play, and the Coronation were factors in augmenting the debit item of expenditures of American tourists, this increase was more than counterbalanced by diminished remittances of our foreign-born population in the fiscal year 1911, due largely to the upward trend in the cost of living. I feel sure, too, that the energetic activities of our customs authorities, particularly at the port of New York, were responsible for a substantial reduction in the debit items of smuggling and undervaluation considered as correctives of the declared valuation of imports into the United States.

It is reasonable to conclude from a study of the above analysis of the elements in the equation of international indebtedness that the United States, instead of being a creditor nation, has been, in recent years, a debtor nation. This situation was undoubtedly changed in the fiscal year 1911, and this change was further emphasized in the fiscal year ending June 30, 1912, since the excess of domestic exports over imports for consumption rose to \$516,800,000. Some of my estimates—particularly those relating to the incidence of taxation and the distribution of ocean freights—may be regarded as vulnerable and within the realm of controversial questions; but the analysis may safely be accepted as showing that it is highly desirable that the exports of American products to foreign countries be maintained above the two-billion-dollar

mark, in order that there may be a sufficiently large margin to absorb the various important debit items against the United States which I have enumerated. The situation, therefore, justifies fully the present earnest and energetic trade promotion policy of the government of the United States.

JOHN BALL OSBORNE.

*Department of State, Washington.*

In the REVIEW for June, 1912 (p. 423), reference was made to the reports on the operation of the Panama Canal. Additional documentary material on this subject has appeared consisting of hearings before the Committee on Interstate and Foreign Commerce of the House of Representatives on *The Panama Canal*, in five volumes (Washington, 1912, pp. 1127); and hearings before the Committee on Inter-oceanic Canals, United States Senate, on *The Panama Canal* (Washington, 1912, pp. 928). There is a large amount of evidence on regulation of rates, control of steamship lines of railroads, and costs of ship-building in the United States and foreign countries. The testimony of Professor Emory R. Johnson appears in the Senate report (pp. 16-40).

Among recent documents relative to parcels post are to be mentioned: *Postal Express as a Solution of the Parcels Post, and High Cost of Living Problems*, by David J. Lewis, M.C. (Sen. Doc. No. 379, 62 Cong., 2 Sess., pp. 97); *The Parcels Post and Postal Express Situation in Congress*, by Senator Gardner (Sen. Doc. No. 490, 62 Cong., 2 Sess., pp. 6); *Parcels-Post System; Bills Introduced during the Present Congress* (Sen. Doc. No. 430, pp. 30); *Charges for Transportation of Parcels by Express Companies* (H. Rep., No. 485, 62 Cong., 2 Sess., pp. 3).

In the *Tenth Annual Report of the Reclamation Service*, by F. H. Newell, director (Washington, 1912, pp. 290), is given a summary of reclamation legislation and a description of the various projects in operation, including a statement of financial transactions involved in the work since its beginning.

The *Oleomargarine* hearings before the Committee on Agriculture on bills proposing to amend the oleomargarine laws (H. R., 1912, pp. 261) will be of considerable service to the student of agricultural conditions. The relation of the beef trust to oleomargarine is also touched upon.

The Department of Agriculture, in Bulletin No. 238, Bureau of Plant Industry, gives an account of the most recent experiments at Pinehurst, South Carolina, in *The Cultivation and Manufacture of Tea in the United States* (Washington, February 15, 1912, pp. 40). Provided sufficient capital is invested pending development over a considerable period, such culture is regarded as a successful possibility.

The *Annual Report of the State Board of Conciliation and Arbitration of Massachusetts*, for 1911 (Boston, Pub. Doc. No. 40, 1912, pp. 192), contains an interesting case bearing upon the question of the distribution of milk in a metropolitan city (pp. 150-156).

The American Woolen Company (Boston, Mass.) has published a little pamphlet, *From Wool to Cloth*, in which the different processes are briefly described with numerous illustrations.

A considerable amount of descriptive and statistical information concerning the economic resources of Canada may be found in a memorial volume, *Le Canada et la France, 1886-1911*, published by the Chambre de Commerce française of Montreal (pp. 256). Special consideration is given to commercial relations with France.

*Bulletin 114* of the Bureau of the Census on cotton production, 1911 (pp. 61) continues the reports on this industry which have now been published for thirteen years. Useful summaries are provided not only with regard to domestic conditions but also concerning foreign production.

*The Year Book, 1912* of the Merchants' Association of New York (54 Lafayette St., pp. 117) furnishes a concise document of important commercial questions which have recently received public attention.

The same is true of the *Annual Report of the Boston Chamber of Commerce for 1911* (Boston, 1912, pp. 367).

### Corporations

**THE WATER POWER SITUATION IN WISCONSIN.** In June, 1911, Wisconsin enacted a general water-power act defining the rights of riparian owners and regulating the improvement of navigation and development of hydraulic power in Wisconsin streams. The entire act was declared unconstitutional by the Wisconsin Supreme Court in January, 1912. (*State vs. Bancroft*, 134 N. W. Rep. 330.) A brief statement of the law of Wisconsin concerning riparian rights in navigable waters will serve to explain the grounds of the decision. The

Supreme Court of Wisconsin, as the courts in many other states, early held that the patentee of lands bordering on streams, acquired title to the bed thereof to the center. As to lakes, however, it was held that the bed belonged to the state. Since riparian rights depend on the ownership of the bank, rather than of the bed, the title to the submerged land should be of no great significance. It was also held that all waters navigable in fact were public waters; not that the public owned the waters, but that the public had certain rights of use, such as navigation and fishing. Navigable water means floatable water. Any waters which during any portion of the year are of sufficient volume to float to market the products of the soil—and that meant, in the earlier history of the state, timber—are deemed navigable. The riparian rights and the public rights do not pertain to the water itself, but merely to the use thereof. Each riparian is entitled to use the water as it flows by, leaving it to pass on unaffected in volume and purity. The public right, while it pertains only to the use, has always been held to be paramount to the private right, and may be pursued to the serious impairment, or even total extinguishment, of the private right. For example, in order to improve streams for navigation, the private riparian right to access, to uniform stream flow, and to hydraulic power have been entirely destroyed without compensation.

By reason of the public right of navigation in practically all the streams of the state, a statute was passed very early forbidding any obstruction in navigable streams without authority from the legislature. Each riparian owner on either bank is entitled to the benefit of the water as it subsists in its natural state. No single proprietor has a right to make use of the flow in such a manner as will be to the prejudice of any other proprietor; and he has no more right to apply it to a purpose which occasions a return of the water on the land above than he has to cause a diminution of the water below. That water-power to which a riparian owner is entitled consists merely of the fall in the stream when in its natural state as it passes through his land or along the border of it. As between riparian owners a water-power is a potentiality. A riparian owner has no right to a water-power as such. He has as against other riparian owners a right to the natural and customary flow of the stream. If the stream in its natural condition with a reasonable interference with its flow will produce within the limits of his land a practical amount of power, then, as against other riparian owners or third parties, such beneficial use belongs to the



riparian. If, however, in order to get sufficient power, he is obliged to change in the least degree the natural level of the water, or interfere with or manipulate its flow unreasonably, or in any way interfere with or invade the public right of use, he has no water-power; for this would involve an invasion of reciprocal rights of adjoining riparian owners, and would be an encroachment upon the paramount public right of use. In many situations there was not found within the limits of a single riparian owner a sufficient fall of the stream in its natural condition to produce a practical amount of power. A change in the natural level of the stream being an encroachment upon the rights of other riparians constituted a tort.

In all navigable streams where the public right of use for navigation exists, the development of hydraulic power required in most instances the building of a dam in the channel of the stream, which could be done only under state permission and control. The development of effective water-power, therefore, was found in most instances impracticable without a serious encroachment upon the rights of others and of the public. Because of the practical difficulty of obtaining an adequate water-power by the exercise of strictly riparian rights (the consent of adjoining riparian owners being difficult or impossible to secure), and because of the public right of navigation and the statute forbidding all obstruction in navigable streams, it became necessary for a riparian owner to appeal to the state in order, first, to secure the state's prerogative of eminent domain to enable him to obtain the rights of adjoining owners, and, second, to secure the state's consent to his obstructing the stream by a dam. The power of eminent domain can be conferred only to promote a public purpose. The navigable character of the streams must be preserved. Therefore the riparian owners very early in the history of the state began to ask the state for a franchise to improve navigation. This being a confessedly public work could be aided by eminent domain. Navigation being a paramount public right, the improvement thereof could be carried on to the extinguishment of the private riparian rights of use. At the outset most of the grants of franchises by the state were in reality to improve navigation. Timber was the chief asset and lumbering was the principal industry. It became necessary to improve the streams for floating logs. Such improvements were carried on freely to the total extinguishment in many cases of private riparian rights. In time, however, the improvement of navigation became largely a fiction. The grant was really to enable

riparian owners to secure an adequate development of water-power. Many of the dams erected at an early day as actual improvements of navigation for lumbering were later turned to use for developing power. The fiction of improving navigation has generally been retained in the legislative grants, thus, in form, satisfying the requirement of a public work as a condition for enjoying the right of eminent domain. By thus undertaking the improvement of navigation, the riparian owner in very many instances was enabled to secure an adequate water-power when no such power existed naturally within the limits of his riparian land. Most of the water-power development up to the present time has been under the fiction of improving navigation, in which work the grantee has usually enjoyed the state's right of eminent domain, which has enabled him to secure the necessary flooding rights against other riparian owners, and thus produce an adequate flow of water within the limits of his own land. Very few of the existing water-powers are the result of the exercise of strictly riparian rights unaided by the state's prerogative.

The purpose of the Act of 1911 was to enact into a single statute under uniform administration the legislative practice of the past fifty years with respect to granting franchises for the improvement of navigation. Instead of promiscuous grants of such franchises by special acts at each session, the new law provided a general form of franchise for the improvement of navigation, such franchises to be granted upon certain findings made by the railroad commission. Inasmuch as the scope of the public right of use had never been exhaustively defined, the act also embodied a declaration that all public waters, that is, all navigable waters, were subject to all legitimate public uses, including the use for the development of hydraulic power. The use of the water for power was declared to be a public use, and was held by the state in trust for all the people. The franchises under the new act were to be for the improvement of navigation, and also for the development of hydraulic power. Preference was to be given to riparian owners in making grants, but if no riparian owners applied or if the improvement proposed by them was not deemed most advantageous to the public, the grant might be to non-riparian owners. In considering what improvement was most advantageous, the amount of hydraulic power capable of being developed thereby and the uses to which it could be put were to be taken into consideration. The grantee was permitted to use the hydraulic power produced by the improvement of navigation, and might be required to develop and convert into electric form all the

power of which the improvement was capable. Such power as the grantee did not need for his own uses, he was required to sell to the public at a reasonable rate. The grantee of a franchise was required to pay to the state a small graduated annual franchise tax. Franchises were to exist for twenty years with the privilege of renewal for two periods of ten years each. At the expiration of a franchise, the holder might apply for a new grant. In case no application was made, a franchise might be conferred upon any third person not a riparian, under the same terms and conditions as the original franchise, such grantee being authorized to take the land and improvements of the retiring riparian. The compensation to be paid, in such case, however, was not the present value of the land and improvements, but the value at the time that the franchise was originally granted. All existing franchises that were repealable were declared to be repealed. About two thirds of the existing franchises were by their express terms subject to alteration, amendment, or repeal. The dams and improvements maintained under the repealed franchises were declared to be nuisances, and their maintenance, a misdemeanor, unless the owners thereof applied for and received a franchise under the new act; in case no application was made, a franchise might be granted to any third person, who was thus authorized to acquire the existing dams and improvements upon paying just compensation therefor.

As to the repealed franchises, the court interpreted the act as in effect confiscating the improvements made during the existence of the franchise; the public continued to use the improvements, leaving the owner the option of applying for a franchise under the new act, and making it subject to numerous conditions not before applicable to him; or if he did not apply, declaring his property a nuisance, without the protection of the law, and subject to abatement, unless some third party should apply for and be granted a franchise and should take over his improvements and continue to maintain them in aid of navigation. The court says there was no assurance that any other person would apply, and that the riparian owner must either lose the value of his improvements or hold them himself under a new franchise containing onerous conditions. This the court regarded as virtual confiscation. Furthermore, even if a third party should apply and be granted a franchise, the act authorized him to take the dam and improvements, paying the retiring proprietor a just compensation, but authorizing him to use the hydraulic power for private purposes. As to the grants of franchises for new development, the court held the act invalid, because it author-

ized persons not riparian owners to apply for leave to make improvements of navigation and to appropriate the water-power produced thereby for private purposes. The court holds that the state has no salable or demisable right as against a riparian owner with respect to the water-power, which it can thus confer upon third parties.

"The right of the riparian owner to use the water of the river on his own land within his boundary determined by ordinary high water mark, for the purpose of creating power . . . . is unquestionably a private right appurtenant to the riparian land. . . . It is conceded there is such a riparian right as the right to use the water for power, and also that this right is to be exercised in subordination to the public right of navigation and the necessary accessories of the latter. We say that if the exercise of this riparian right in the judgment of the legislature interferes with the public right of navigation, it may be forbidden. . . . Where the ownership of the bank is essential to the construction of a dam or the creation or development of a water power, the state is as helpless to use, sell or lease such right without condemnation and compensation as the riparian owner is to intrude into the navigable stream without consent of the state. It requires the concurrence of the riparian owner, and the state in such case to make the water power efficient and this right of the riparian owner to refuse to concur and stand out for compensation in the case mentioned is a private property right and often gives to such land its chief value. The state may refuse its permission to the riparian owner to build a dam and may attach conditions to its consent such as the height, strength, mode of construction, etc., of the dam, and perhaps other conditions, but it may not seize upon this right without compensation and use it or sell it or lease it to another. It cannot authorize the use and enjoyment of this right by a person not a riparian owner for a private purpose without the consent of the riparian owner nor for a public purpose without condemnation and compensation to the riparian owner. . . . These premises support the conclusion that the act in question attempts to deprive the owners of improved riparian land and of the resulting water power and owners of unimproved riparian land with its appurtenant water power privileges and advantages, of property without due process of law; that it attempts to authorize the taking of private property for private purposes; and that it attempts to take property without just compensation."

E. A. GILMORE.

*Madison, Wisconsin.*

**THE PATENT LAW DECISION.** The decision of the Supreme Court in the case of *Henry vs. The A. B. Dick Company*, rendered on March 11, 1912, makes the patent law a most powerful agency in extending the rights of patentees and raises so serious a question in regard to the future development of our industries that a recasting of our patent law may be necessary. A rotary mimeograph was sold with a license restriction as follows: "This machine is sold by the A. B. Dick Company with the license restriction that it may be used only with the stencil paper, ink and other supplies made by the A. B. Dick Company, Chicago, U. S. A." The purchaser of the rotary mimeograph bought a can of ink from Henry with the purpose of using it on the rotary mimeograph, and the said Henry knew of the purchaser's intention. It was contended that the act of Mr. Henry constituted contributory infringement of the A. B. Dick Company's rights under the patent law. The Supreme Court, by a decision of four to three, decided in favor of the A. B. Dick Company; Chief Justice White dissented, and his opinion was concurred in by Justice Hughes and Justice Lamar; Justice Day did not hear the argument; and Justice Pitney had not at that time taken his seat.

The real question at law was, as it appears from the decision, as follows: Is a license restriction, such as that imposed by the A. B. Dick Company, a right arising under the patent law or a contract between the parties? If the former, then the case comes under the jurisdiction of the federal courts; if the latter, then under the jurisdiction of the state courts. Mr. Justice Lurton, who wrote the opinion for the majority, argued that it had been fully settled by a long line of decisions that the patentee may restrict the time, place, and manner of using a patented machine by a lease or by a conditional sale; and, since the courts have held that the property right in the materials and the right to use the patented article for the purpose for which it was intended, are different and separable rights, that, consequently, the patentee may sell the property right in the materials, thus parting with the ownership, and retain a conditional control over the use of the article, the material of which has been sold. Basing his decision upon the cases where patented articles have been sold under licenses, he concludes that the intention of the patent law is to give an exclusive monopoly of the articles during a limited period to the owner, and that therefore, provided the purchaser has notice of the restriction, the patentee may impose whatever restriction he chooses. The rights of the patentee in his article, the court holds, extend even to the entire

suppressing of its manufacture and sale; and on this theory, since a conditional sale constitutes a less restriction upon the use of the patented article than its entire suppression, the court holds that any condition connected with its use may be imposed. In support of his argument, Mr. Justice Lurton cites the Button Fastener Case (77 Fed. 288), The National Harrow Case (186 U. S. 70), The Paper Bag Case (210 U. S. 405), The Graphophone Case (92 Fed. 516), and many others. Furthermore the court argues that if the present decision in favor of the license restriction is injurious to the public interests, the Congress of the United States which has granted the monopoly under the patent law, is the proper party to correct the evils in the present situation rather than the courts.

Chief Justice White, in his dissenting opinion, is influenced, as it appears, by the effect which an affirmative decision is likely to have upon the jurisdiction of the federal and state courts, and holds that the decision of the court will destroy in a large measure the judicial authority of the states by unwarrantedly extending the federal judicial power; that the principle laid down in Justice Lurton's opinion will be "as broad as society; capable of operating upon every conceivable subject of every human interest or activity, however local and exclusively within state authority it may be," and further that it makes it the duty of the federal courts to test rights and obligations of parties, not by the general law of the land, but by the provisions of the patent law. The Chief Justice in support of his argument also cites a long list of cases which are favorable to his contention and objects to the reasoning of the court by which the patent law is made to embrace articles which are not patented, but which, as a result, are included within the protection of the patent law. This he holds to be the exercise by the courts of legislative power of a far-reaching and dangerous character. The patent he believes is solely upon the machine, and any control over the materials to be used with it must arise as a result of an agreement between the parties, and the agreement is legally protected, if at all, under the general laws of the land.

In view of the conflicting opinions of the Supreme Court in previous cases, and of the well-known purpose for which the patent law was enacted, *viz.*, to encourage the invention and sale of improved machinery, it would seem to the layman that the courts by a series of decisions, each of which raised a slightly different question of law, had extended the meaning of the patent law far beyond its original scope and purpose, and to a large extent had defeated its fundamental object.

If, however, the decision of the majority is in accordance with the previous decisions, of which there is at least a reasonable doubt, the Chief Justice and those who concurred with him have done a large public service in calling attention to the paramount need for the revision of the patent law by act of Congress.

MAURICE H. ROBINSON.

*University of Illinois.*

*Hearings before the Committee on the Judiciary: Trust Legislation, Patent Legislation* (62 Cong., 2 Sess., 1911-1912, H. R. 11380, 11381, 15926, 19959, and Appendix), like more than one congressional report, has a misleading title. It should rather have been named "Hearings on the United Shoe Machinery Company."

The prime object of the investigation was to ascertain the practicability of applying the Thayer or Lenroot<sup>1</sup> bills or the Peters measure to supplement the Sherman Anti-trust Act. Such was the purpose of the hearings, but they resolved themselves into an examination of the United Shoe Machinery Company with Louis D. Brandeis as "star" witness against the monopoly.

So far as the evidence of various manufacturers is concerned there is little in the *Hearings* that was not brought out in one form or another before the Senate Committee on Interstate Commerce. The *questionnaire* sent out by the Boston News Bureau for the purpose of ascertaining the attitude of the various shoe manufacturers toward the United Shoe Machinery Company was introduced into the evidence. This reveals the fact that an overwhelming weight of opinion does not believe the corporation to have been detrimental to the interests of the manufacturers; and early in the hearings, Mr. Littlefield, counsel for the company, practically forced Mr. Brandeis to admit that the elimination of the United Shoe Machinery Company would scarcely cause a decline in the price of shoes, or, if so, only most indirectly. Incidentally Mr. Littlefield's cross-questioning was one of the interesting features of the hearings. Formerly congressman from Maine, he is gifted with a large share of Yankee shrewdness, and at times his questions were disconcerting and most difficult to answer.

An unprejudiced reader may seriously doubt, after a careful perusal of the *Hearings*, the wisdom of the bill proposed. Few will sympathize with the attitude of Mr. Fish, a patent attorney of Boston, who decries the Thayer and Lenroot bills as "the most vicious attack that ever has

<sup>1</sup> Called Lenroot bill in the House, LaFollette bill in the Senate.

been made . . . . upon the whole patent system of the United States." His argument reads like a forecast of the Dick decision. It is as strictly legal and as strictly logical as that of the court. But like the latter it does not satisfy. We need a reform of patent legislation. An argument based upon a glorification of the present system and the assertion that the bills under consideration attack that system is hardly likely to raise up many foes to the bills in question. The same may be said of the argument of Mr. Littlefield. It should none the less be added that it is difficult to answer the counsels' argument that many transactions of an entirely innocent character would be brought within the purview of illegality, if the proposed legislation should be enacted. There is much weighty evidence against the bills as well as for them.

W. S. STEVENS.

A most serviceable compilation is *Federal Anti-Trust Decisions, 1890-1911*, a reprint and continuation of the compilation made by Finch in 1907. The work is published in four volumes, and contains cases passed upon in the United States courts arising out of the Sherman Anti-trust Act of 1890. The digest appears at the end of volume 4. (Washington, Department of Justice, pp. 1042, 1036, 984, 699.)

The Interstate Commerce Commission has published a pamphlet containing *National Car Demurrage Rules and Explanations* (Washington, June, 1912, pp. 11). The commission tentatively adopts the rules adopted by the American Railway Association.

The function of the Commerce Court is discussed in a lecture, *Commerce, the Commission and the Courts*, delivered at Cornell University, May 18, by Mr. Logan G. McPherson.

*Hearings before the House Committee on Patents on the Oldfield Revision and Codification of the Patent Statutes*, held April 17-May 25, 1912, have been printed in twenty-seven parts. Part 18 contains the testimony of Mr. Louis Brandeis in which the relation of a patent policy to monopoly prices receives especial attention. The testimony of Mr. Frederick P. Fish, in Part 26, also deals with this question.

*The Twenty-Seventh Annual Report of the Board of Gas and Electric Light Commissioners of Massachusetts for 1911* (Boston, 1912, pp. 239, 441) refers to the need of further legislation in regard to companies which furnish electricity for power purposes. It seems desirable that public supervision and regulation should be made applicable in a uniform way to all companies engaged in the supply of electricity.



The *Reports of Public Service Commission, Second District of New York, from June 2, 1909 to June 30, 1911*, have been published in a separate volume (Albany, 1911, Vol. 2, pp. 778).

The *Second Annual Report of the Board of Public Utility Commissioners of New Jersey for the Year 1911* (Trenton, 1912, pp. 497) contains the second annual report of this commission and copies of decisions rendered during the year.

In the *Report of the Pennsylvania State Railroad Commission* (Harrisburg, 1911, pp. 180) special attention is given to the subject of telephone rates. The commission has come to the conclusion that the only practicable way of determining the reasonableness of local rates is to base them on the unit or local exchange basis. The more important telephone companies of Pennsylvania are coöperating toward this end. The commission therefore believes that the fixing of telephone rates by legislative enactment is not, at present, at least, feasible. The commission also recommends that express companies should be governed in their charges by the long and short haul provision applied to railway companies.

The *Forty-First Annual Report of the Railroad and Warehouse Commission of Illinois* (Springfield, 1912, pp. xvi, 953) gives evidences of the increased responsibilities and powers of the commission.

*The Corporation Laws of Missouri* have been reprinted in separate form (Jefferson City, pp. 241). These contain the revised statutes of 1909 and the amendatory acts of 1911.

The Bureau of Railway Economics (Washington, D. C.) has prepared an elaborate bibliography on *Railway Economics: A Collective Catalogue of Books in Fourteen American Libraries*. The libraries thus used are those of the Bureau of Railway Economics, Interstate Commerce Commission, Congress, John Crerar, New York Public, and Columbia, Leland Stanford, Jr., Harvard, Chicago, Illinois, Michigan, Pennsylvania, Wisconsin and Yale universities. The titles are arranged topically, and there is a twenty-five page index of authors. (Chicago, University of Chicago Press, 1912, pp. x, 446.)

In the *Report of the President of the United Shoe Machinery Company*, for 1912, it is stated that pending litigation initiated by the government has reduced its operating force by a thousand employees. Conditions in regard to the new contracts are explained.

## Labor

Editor of THE AMERICAN ECONOMIC REVIEW:

In its very admirable report (noted in the REVIEW, March 1912, p. 31, and June 1912, p. 485), the Massachusetts Minimum Wage Commission points out that the lowest wages paid to women are confined to certain factories, and that the differences in kind and grade of product cannot account for the wage differences discovered, as both the higher and the lower wages were paid in factories manufacturing the cheaper lines. The commission then concludes that such evidence shows an ability to pay higher wages than some employers pay. "These latter because of inefficient management or because they are making unusual profits, are doing business at the expense of their employees." I do not doubt that such may be and probably is sometimes the case, but is it not possible and even probable that in some cases, at least, the lower wages are paid to inferior workers? At any rate it seems that the proving away of this possibility is an essential part of the argument leading to the commission's conclusion.

RAYMOND V. PHELAN.

*University of Minnesota.*

The Committee on Naval Affairs of the House of Representatives has printed (1) *Report of Civilian Expert Board on Industrial Management of United States Navy Yard*; (2) *Report of Vreeland Board on Modern Navy-Yard Methods*; (3) *Report on the Vickers System of Industrial Management* (Washington, 1912, pp. 109). The evidence bears on the question of financial economy as well as labor efficiency.

Additional data in regard to the conditions of governmental work will be found in Volume 3 of *Hearings before the Special Committee to Investigate the Taylor and Other Systems of Shop Management* (Washington, 1912, pp. 1265-1935). There is a large amount of evidence in regard to the bonus and premium systems and other forms of so-called efficiency work.

The *Hearings before the Committee on Interstate and Foreign Commerce to Amend the Erdman Act*, March 25, 1912, has been printed (Washington, pp. 13). The argument for the most part applied to extending the act to disputes in the coal mining industry.

In the *Eighteenth Annual Report of Factory Inspection of Rhode Island* for 1911 (Providence, 1912, pp. 215) it appears that there is a further decrease in the employment of children. The percentage of

children employed in industrial establishments in 1911 was 3.5 as compared with 6.4 in 1900.

Further light on industrial conditions in a New England factory town is disclosed in hearings before the Committee on Rules of the House of Representatives on *The Strike at Lawrence, Mass.*, March 2-7, 1912 (H. Doc. No. 671, 62 Cong., 2 Sess., pp. 464).

In the *Twentieth Annual Report of the Bureau of Statistics and Information of Maryland* for 1911 (100 Equitable Bldg., Baltimore, 1912, pp. 368) the commissioner advises that the limit of age for children to work be raised from 12 to 14 years.

In the *Fourth Annual Report of the Factories Inspector of the Province of Nova Scotia* for 1911 (Halifax, 1912, pp. 61) there is a paragraph in regard to the "safety man" as a factor in preventing accidents in industrial establishments. The experience of the United States, particularly the state of Indiana, is cited, showing the value of such an official. This report also contains in an appendix a report of a special inquiry into 100 accidents at the Dominion Iron and Steel Company of Sydney.

The value of a safety man or a safety committee is also referred to in *Accident Bulletin No. 4* of the Bureau of Labor, Industries, and Commerce of Minnesota (March, 1912, pp. 8). Special reference is made to the experience of the Illinois Steel Company and the Chicago and Northwestern Railway Company.

The *Labor Laws of Missouri* in force September, 1911, have been compiled in a separate volume (Jefferson City, State Labor Bureau, 1912, pp. 72).

A similar compilation has been made in *Labor Laws of the State of Washington* (Olympia, Bureau of Labor, 1911, pp. 104).

The *Report on Trade Unions in 1908-1910 with Comparative Statistics for 1901-1910* published by the British Board of Trade (London, Wyman and Sons, 1912, pp. cii, 143) devotes especial attention to the benefit expenditures of labor unions. Rules respecting the weekly amounts of such benefits and number of weeks for which the benefits are paid are summarized. The last report previously published in this series dealt with the period 1905-1907.

Among the new features which appear in the *Fifteenth Abstract of Labour Statistics of the United Kingdom* (London, Board of Trade, 1912, pp. xxiii, 345) are: minimum time-rates of wages fixed by trade boards, trade-union benefits, and data in regard to old-age pensions.

The *Twelfth Report of the Bureau of Labour of the Province of Ontario*, for 1911 (Toronto, 1912, pp. 302), contains considerable information in regard to the benefit features of labor organizations (pp. 91-161, 260-261).

The *Daily Consular and Trade Report* for July 6, 1912, contains a memorandum of the award of a minimum wage for the coal miners of West Riding, Yorkshire, under the Coal Mines Minimum Wage Act of 1912.

The *Thirty-fourth Annual Report* of the Bureau of Statistics of Labor and Industries of New Jersey for 1911 (Trenton, 1912, pp. xiii, 308), continues the useful tables prepared by this bureau, classifying weekly earnings (pp. 28, 77-102). The report also includes a seventy-five page report on industrial insurance in Germany.

#### Money, Prices, Credit, and Banking

**PRICES.** The Canadian Department of Labour has issued its second annual report on *Wholesale Prices, Canada, 1911* (Ottawa, 1912, pp. xiii, 223). Previous reports (considered in the REVIEW for March, 1911 and December, 1911) presented wholesale price statistics and index numbers for the period 1890-1910. The present report contains appendices on the gold output, 1911, and retail prices, 1910-1911.

During 1911, wholesale prices in Canada reached a higher general level than in any year during 1890-1910, and probably higher than in any year since 1872-73. The general index was 127.2 for 1911 as compared with 124.0 for 1910. From January to June the monthly indices ranged between 126.1 and 126.4; during the remainder of the year there was a precipitous rise to 129.4 in December. The rise was due primarily to great advances in the prices of grains, fruits, and vegetables. Raw materials advanced 7.2 points over 1910 while manufactured articles advanced 1.8 points. The weighted index number rose from 128.0 in 1910 to 131.1 in 1911, being, therefore, in close agreement with the unweighted numbers previously quoted.

In the United States the Labor Bureau index number for 1911 was 129.3 as compared with 131.6 for 1910. In Great Britain the Board of Trade index number for 1911 was 109.3, being 0.6 per cent higher than in 1910, 5.1 per cent higher than in 1909, and the highest recorded since 1884.

WARREN M. PERSONS.

Relating to the question of investigating a "Money Trust" are to

be noted *Hearings on House Resolution No. 314*, December 15, 1911 (pp. 51), January 26, 1912 (No. 1, pp. 44; No. 2, pp. 58); also speech of Hon. Robert L. Henry, February 24, 1912 (pp. 15).

A circular of the National City Bank of New York for May, 1912, contains an interesting page in regard to the proposed changes in the design and size of paper currency. The June issue summarizes recent progress toward a national budget, and also gives a paragraph to the improvement in national bank supervision during the past three years.

In the *Annual Report of the Superintendent of Banks of New York for 1911* (Albany, pp. 680) it is noted that the postal savings banks have not disturbed the steady growth of corporate savings banks. The gain in open accounts was greater in 1911 than in 1910.

The *Annual Report of the Commissioner of Banking and Insurance Relative to Building and Loan Associations* in New Jersey for 1911 (Trenton, 1911, pp. 594) notes continued growth and prosperity of building associations. Gross assets increased over 11 per cent during the year.

The *Laws Relating to Banks, Savings Banks and Trust Companies of Connecticut 1911*, have been published in pamphlet form (Hartford, pp. 58).

The *Banking Laws of Missouri* have also been reprinted in a separate pamphlet (Jefferson City, 1911, pp. 156, xii), with annotations of judicial decisions.

The Auditor of Public Accounts of Illinois has issued a small pamphlet containing the *Laws of Illinois Governing Corporations with Banking Powers and Trust Companies, 1912* (Springfield, pp. 15).

The *Twentieth Annual Report of the State Banking Board of Nebraska* (Lincoln, 1912, pp. xxxiv, 369) contains data in regard to the new depositors' guaranty fund which was established last year. There is also appended the state banking law now in force.

The New Zealand Department of Labour has published *Inquiry into the Cost of Living in New Zealand 1910-11* (Wellington, 1912, pp. 29). The report is based on returns made by householders, representing, on the whole, thrifty and careful citizens. Practically the inquiry is similar in form to that recently made in Australia noted in the REVIEW for June, 1912, (p. 448) and comparisons are made with the results there obtained.

Fabian Tract No. 162, *Family Life on a Pound a Week*, by Mrs. Pember Reeves, deals with workmen's budgets in the district of Lambeth, London.

### Public Finance

TAXATION IN OHIO. *The Second Annual Report of the Tax Commission of Ohio* (Springfield, 1912, pp. 468) is the first report of the Tax Commission of Ohio to cover a full year. Passing over the excellent work done in connection with taxes upon corporations this review must confine itself to the equalization of real property values in 1911 and to the commission's views on tax reform.

The equalization of real property values was doubtless much better done than ever before in Ohio. The former decennial board of equalization was strictly an equalizing board, but the law now lays down "true value in money" as the rule of equalization and permits the commission to increase the valuation of any district or of any class of real property. The commission thus becomes an assessing board. The plan followed was that of average values per acre, making use of the original appraisements, considerations in transfers, tax maps and conferences with assessing officials and others. The commission rejected the so-called sales method on the grounds of impracticability and expense. Its objections to the theory of this method are not conclusive, namely, that sales do not determine values and that the assessor does not uniformly assess all property (p. 68).

The commission holds that the taxation of all kinds of property "by a uniform rule according to its true value in money" is the only just and equitable rule of property taxation (p. 35). It condemns the exemption of the public bonds of Ohio on the uncertain ground that interest has not been saved, overlooking the fact that the tax was inoperative (p. 4). It entertains the purely legalistic notion that "shares of stock constitute property distinct from the capital or property of the company," and on that ground condemns the exemption of the shares of stock of domestic corporations and of foreign corporations two thirds of whose property is taxed within the state.<sup>1</sup>

Such views naturally breed impatience of proposals to change the nature of the tax. Classification is characterized as "an ingenious device for shifting the burden of taxes to the shoulders of those least able to bear it." More assent will be given to the proposition that if

<sup>1</sup> It may be noted that former Attorney-General Wade H. Ellis also questioned the constitutionality of this legislation. See *Report of the Tax Commission, 1908*, p. 13.

the general property tax is necessarily a failure, the only logical thing to do is to exempt all personal property (p. 34).

But the commission is alive to the necessity of changes in the administrative machinery of the tax. This reform was inaugurated with the creation of the Tax Commission. In the view of the commission, a second and very necessary step was taken in limiting the tax rate.<sup>2</sup> The commission here seems to fall into the fundamental error of many advocates of classification, believing that a low rate will make owners "ashamed not to return their property for taxation" (p. 32). To supplement this legislation, the commission recommends the abolition of the state levy, which is to be achieved through leaving the support of the common schools to the counties and, in the unlikely (?) event that present revenues should be unable to provide for the sinking and university funds, through apportionment among the counties on the basis of total revenues raised. The creation of the office of county assessor, and constitutional amendments making clear the power of the state to levy taxes on incomes, inheritances, and the production of minerals, and to exempt timbered tracts, conclude the important recommendations made (pp. 40, 41).

In passing judgment on the commission's attitude on tax reform, it should be borne in mind that it appears to be registering the voice of the people of Ohio, who have, through their Fourth Constitutional Convention, just reaffirmed and revamped the uniform rule of taxation in accord with the views of the commission. The vexing problem of how to reach and tax intangible forms of property has received little consideration. Opposition in the convention to genuine tax reform found its life not so much in the merits of the question as in the fear of the single tax (which element was in control of most of the convention machinery) and in the even greater fear of the farmer vote in the approaching primaries.

OLIVER C. LOCKHART.

*Ohio State University.*

*Hearings and Statements Submitted to the Senate Committee on Finance* (H. R. 21213) relating to *Schedule E Duties on Sugar, Molasses, Syrups, etc.* has been issued (Washington, 1912, pp. xxvi, 901). The volume contains Senate Report No. 763 and a comparison of the

<sup>2</sup> This interesting legislation is described in the *AMERICAN ECONOMIC REVIEW* for September, 1911, pages 648-9, and also in the volume under review, pages 29-32.

laws enacted from 1883 to 1900 and tables of imports from 1894 to 1911. The Senate report is adverse to placing sugar on the free list. The hearings took place in April, 1912, and represented the testimony of some thirty witnesses. There are many statistical tables showing the progress of the beet sugar industry.

The report of the Committee on Ways and Means on *Reduction of the Duties on Cotton Manufactures* (H. R. No. 829, 62 Cong., 2 Sess., June 4, 1912, pp. 53) contains an analysis of the report of the Tariff Board. The majority report argues that the duties fixed in the bill of 1911 are fully justified by the findings of the Tariff Board. It is also claimed that the board has prepared its report upon a basis different from that employed in the wool report, placing more reliance upon foreign prices, rather than upon costs.

The minority report of the House Committee on Ways and Means (Report 461, Part 2, 62 Cong., 2 Sess., March 14, 1912., pp. 8), adverse to an excise tax on incomes, claims that the proposed measure would not yield over \$20,000,000. An analysis is made of available statistical data in the light of English experience with the income tax.

The report of the Senate Finance Committee on *Duties on Metals and Manufactures of Metals* has appeared (591, 62 Cong., 2 Sess., Apr. 5, 12, 1912, pp. 6, 24). The report adds nothing to the House report noted in the June issue.

Mr. Truman G. Palmer has boiled down the arguments against proposed preferred reductions of sugar duties in two pamphlets, *Sugar-Tariff Reduction: Who Wants It and Why*, and *Competition v. Monopoly*, which have been published as two Senate documents, Nos. 378 and 377 (62 Cong., 2 Sess.). The first is a digest of testimony presented before the Hardwick Committee (pp. 23); and the latter summarizes and answers twenty-four arguments advanced by the New York refiners in favor of free sugar (pp. 17).

*Circular 525* of the New York Tax Reform Association (29 Broadway, New York) contains a summary of the tax legislation at the recent short session of the legislature. The principal changes in the law were the exemption of household furniture and personal effects to the value of one thousand dollars and the reduction of taxation upon forest lands. Certain administrative changes were introduced in the method of computing the tax rate in the city of New York.

Attention should be directed to the valuable statistical data contained



in the *Report of Commissioners of Taxes and Assessments of the City of New York for the Year Ending September 30, 1911* (New York, 1911, pp. 87).

The Michigan State Library has published *The History of Railroad Taxation in Michigan*, originally submitted as a doctoral thesis at the University of Michigan, by Professor Wilbur O. Hedrick (Lansing, 1912, pp. 69). Successive chapters discuss the capitalization tax, the tax on gross income, and the property tax.

The Wisconsin Income Tax Law of 1911 has been published as a separate, with explanatory notes distributed under the different sections. (Madison State Tax Commission, 1911, pp. 68.)

The *Report of the State Tax Commission* of Alabama, for 1911 (Montgomery, pp. 75), affords evidence of the influence of a state board in increasing assessments. Although assessment has been reduced from 100 to a 60 per cent basis, the total valuation has been increased. In the five years' existence of the commission, taxable values have increased 46 per cent. Nearly all of the report is devoted to tables.

Of interest in *Proceedings of the Third Biennial Conference Convention of the Tax Commission and the County Assessors of Kansas* (Topeka, 1912, pp. 121) is the account of the pioneer efforts being made in Kansas in the classification of real estate for purposes of assessment. The report is chiefly concerned with answers to questions as to assessments.

The State Board of Equalization of California has published in convenient form *Revenue Laws of the State of California*, including citations from court decisions affecting such laws (Sacramento, 1912, pp. 510).

The State Board of Equalization of California has published a *Special Report on Taxation showing First Effects of Separation on State, County and Municipal Revenues and Tax Rates* (Sacramento, December 1, 1911, pp. 28), covering the experience of the first year of the new system.

There has also been received a bulletin of the State Board of Equalization containing *Proceedings of the Tenth Annual Convention of County Assessors' Association of California* (Sacramento, 1912, pp. 40), containing various papers on home rule in taxation, the new tax law and the taxation of mining property.

The *Seventh Annual Report of the Collector of Internal Revenue of the Philippine Islands*, for 1911 (Manila, pp. 51), deals not only with the taxes of the insular government but also with the local taxes of Manila.

The rapidly increasing trade of the United States with Bolivia has led the Pan American Union to publish a revised edition of the *Bolivian Tariff and Appraisalment Schedules* (Washington, 1912, pp. 157).

The report on *Economy and Efficiency in the Government Service* has been published in bound form (H. Doc. No. 670, 62 Cong., 2 Sess., 1912, pp. 565). It contains the message of President Taft, April 4, 1912, and, in the appendices among others, reports on the methods of appointment, consolidation of certain bureaus, accounting offices of the Treasury, and travel expenditures.

### Insurance and Pensions

THE ADMINISTRATION OF THE OHIO COMPENSATION LAW. The commission of three appointed to administer this law secured a favorable decision from the Ohio Supreme Court before attempting to place the law in operation. This commission is composed of a representative of labor, of the employing class, and of the legal profession. Their salaries, as well as all costs of administering the law, are paid from the general revenue of the state, not from the assessments collected from employers and employees. The data upon which rates for particular industries are based are incomplete, and the commission, recognizing this fact, promulgated the rates for a period of six months. There is a maximum and minimum rate for each industry and if, at the close of the above period, experience as a whole or of a particular plant indicates that the rate is too low or too high, changes are to be made. The rate is specifically based on the one hundred dollar pay roll. The difference between maximum and minimum is in some cases very great.

Owing to the detailed and complex nature of the law and to the activity of representatives of private liability companies, the commission sent representatives to various places in the state to explain the law, and is now publishing a journal for the purpose of informing the public in regard to the provisions of the law. The commission claims that private companies have misrepresented these provisions, and it has recently secured an opinion from the Attorney-General through the State Superintendent of Insurance that "no insurance company can

contract to indemnify an employer from the result of injuries occasioned by the wilful act or his failure to observe the laws of the state." This represents a decided victory for the commission.

An increasing number of firms are availing themselves of the law, although as yet by far the larger number have not elected to come under it. In such case they are deprived of common law defenses. The commission reports that a number of firms desire to take advantage of the law, but, because their particular rates would be very high, they plan first to improve their plants. The rates are in many cases much higher than those of private companies but the protection, especially to the workman, is much greater. Medical examiners have been appointed for various sections of the state and there are also a number of traveling auditors who will be withdrawn from the field as soon as the public has been informed regarding the law and especially regarding the rates.

A series of blanks is furnished upon which to report injuries, and every facility is provided to make it possible for both employer and employee to take advantage of the law. In its administration two points are especially kept in mind: (1) to give every inducement to the employer to improve his plant by means of the maximum and minimum rates; (2) to reduce expenses and make the charges approach first cost. The fund is a general one; there is not, as in the case of Washington, a particular fund for each industry. Somewhat wide latitude has been given the commission as to methods of procedure and the granting of awards. The administration of the law so far seems to have warranted this grant of discretion.

W. F. GEPHART.

*The Proceedings of the National Convention of Insurance Commissioners, Forty-Second Session, 1911*, have been printed in two volumes (Harry R. Cunningham, secretary, Helena, Montana, 1911, pp. 205, 549). The first volume contains a verbatim report of the proceedings, and the second the report of the examination of various accident insurance companies.

Massachusetts has appointed a commission to study the question of the support of dependent minor children of widowed mothers. Legislation, providing what have been called widow's pensions, has already been enacted in Illinois and Missouri and is being agitated in various other states. An interesting session of the National Conference of Charities and Corrections, last June, was devoted to the

subject. In Massachusetts eight bills providing for pensions were presented to the last legislature. The commission appointed consists of Dr. Robert F. Foerster, of Harvard University, chairman, Mrs. Clara Cahill Park, and Mr. David F. Tilley. It is attempting by special investigation and by hearings to learn the adequacy of existing measures and the possible advantages of state grants to widows. Its report will be made to the legislature in January, 1913. R. F. F.

The Insurance Department of New York has issued a *Report on Examination of the Automobile Underwriters Conference*, held Dec. 30, 1911 (Albany, 1912, pp. 28), in which a brief history of automobile insurance may be found. Rates are given for different hazards. In 1910 insurance as reported by 23 companies amounted to \$203,000,-000, for which premiums of \$4,400,000 were paid. The losses were a little over \$2,000,000.

In a pamphlet, *Compensation Insurance for Employers*, the Massachusetts Employees Insurance Association (28 State St., Boston, 1912) explains the relations of this association to the new workmen's compensation law recently enacted in Massachusetts, discusses the probable cost of insurance by the state association, and replies to criticisms which have been made by representatives of private liability companies.

Part IV of the *Report of the Department of Trade and Commerce*, Canada, for 1911, contains a description of the various forms of government annuities, showing the cost at different ages. (Ottawa, 1912, pp. 112.)

### Demography

The Ministry of Trade and Commerce of Canada has issued with commendable promptness the first volume of the *Fifth Census of Canada, 1911* (Ottawa, 1912, pp. x, 623), devoted to statistics of area and population. The returns are for June, 1911. It is hoped that the volume on agriculture and manufactures will be published before the end of the current fiscal year.

From the *Nineteenth Annual Report on Births, Marriages, Divorces and Deaths in Maine, 1910* (Augusta, 1911, pp. 192) it appears that the number of births was 266 less than in 1909 while the number of deaths was 1144 more. The number of marriages was also less.

## PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

### Theory

(Abstracts by W. M. Adriance)

ALLIX, E. *La méthode et la conception de l'économie politique dans l'oeuvre de J. B. Say*. Rev. d'Hist. Doc. Econ., 4, 1911. Pp. 40.

Part of a forthcoming book, *J. B. Say et la formation de la doctrine économique libérale en France*. A painstaking study of the method and views of Say, and his place in the history of economic thought.

CARLTON, F. T. *Price and rent*. Quart. Journ. Econ., May, 1912. Pp. 4.

The presence or absence of physical deterioration is the distinguishing feature between interest and rent.

CLEMENT, H. *La méthode de Karl Marx*. Réf. Soc., Apr. 16, May 1, 1912. Pp. 24.

Rather a general indictment of socialism than a serious discussion of the method of Karl Marx. A good example of the wrong sort of criticism of socialism.

CONRAD, J. *Böhm-Bawerks Kritik der socialistischen Zinstheorie*. Zeitschr. f. Volkswirtsch., XX, 4, 1911. Pp. 30.

Böhm-Bawerk opens the pages of the *Zeitschrift* for the expression of views directly antithetical to his own. Conrad, to be sure, accepts Böhm-Bawerk's theory of interest, but aims to re-establish the contention that rent and interest are exploitation. He holds that labor alone is "productive." Land and capital—as a part of "nature" simply furnish objectively the field for man's activity. The argument is so clearly stated, that its readers will be anxious to see the reply which Böhm-Bawerk apparently contemplates making.

FEILBOGEN. *L'école autrichienne d'économie politique*. Journ. des Econ., Apr. & May, 1912. Pp. 25.

A continuation. Deals with Wieser's work.

GUYOT, Y. *M. G. de Molinari*. Journ. des Econ., Feb. 15, 1912. Pp. 19.

A brief account of Molinari's life with an appreciation of his work and a summary of his economic theories.

HANEY, L. H. *Everyday economic errors*. Univ. of Texas Bull., Apr. 22, 1912. Pp. 21.

In very short compass Professor Haney refutes current fallacies on the "balance of trade," "overproduction," the "go easy" policy of workmen, waste and luxury, rents determining prices, the function of middlemen and speculators, farmers' profits, "natural price," etc.

OSWALT, H. *Eine neue Begründung der Arbeitskostentheorie*. Zeitschr. f. Socialwis., Mar., 1912. Pp. 4.

A review of Conrad's article, an abstract of which is given above. Conrad's views are hardly given the respectful consideration they deserve.

SPEDDEN, E. R. *Is the study of economics useful for the engineer?* Sib. Journ. of Engg., Apr., 1912.

Gives an affirmative answer.

## Economic History

(Abstracts by Clive Day)

ADAMS, C. C. *Foundations of economic progress in tropical Africa.* Bull. Amer. Geog. Soc., Oct., 1911. Pp. 13.

ALCORTA, Q. *Aperçu sur la situation économique de la République Argentine.* Rev. Econ. de Bordeaux, Mar-Apr., 1912. Pp. 16.

Statistical survey.

BERUSKY, H. *Einiges über das Erbrecht der Naturvölker. III.* Zeitschr. f. Socialw., Dec., 1911. Pp. 13.

An ethnographic study based on a wide range of material.

BOND, B. W. *The quit-rent system in the American colonies.* Am. Hist. Rev., Apr., 1912. Pp. 20.

A substantial contribution on an important feature of colonial land tenure.

BURPEE, L. J. *A chapter in the literature of the fur trade.* Papers of the Bibliographical Society of America, Vol. V, 1910.

CLARKE, M. P. *The Board of Trade at work.* Am. Hist. Rev., Oct., 1911.

Study of organization and procedure of the most important organ of colonial administration in the eighteenth century.

DEICHMAN, C. F. *Great industrial development of Kyushu, Japan.* Far East Rev., Feb., 1912.

DEPITRE, E. *La prohibition du commerce et de l'industrie des toiles peintes aux XVII<sup>e</sup> et XVIII<sup>e</sup> siècles.* Rev. d'Hist. Doc. Econ., No. 4, 1911. Pp. 20.

A scholarly and important contribution to French economic history.

DOUGLAS, J. *The industrial progress of the United States of America.* Journ. Soc. of Arts, Nov. 24, 1911.

Interesting review of the influences that have caused the rapid development, the important legislation, etc. Also discussion.

GARVIE, A. E. *Contemporary social developments in Canada.* Sociol. Rev., Jan., 1912. Pp. 15.

General survey followed by discussion of land laws, treatment of Orientals, relations to United States and United Kingdom.

GRETTON, R. H. *Lot-meadow customs at Yarnton, Oxon.* Econ. Journ., Mar., 1912. Pp. 9.

A description of a system of allotment, still practiced in some Thames meadows, and suggestive speculations on its early history.

HAYEM, J. *Mémoires et documents pour servir à l'histoire du commerce et de l'industrie en France. Les inspecteurs des manufactures.* Rev. Intern. du Com., Mar. 31, 1912. Pp. 26.

A useful study, based largely on unprinted material, of a characteristic office of the old régime, from its establishment by Colbert to its abolition during the French Revolution.

IGNARD, E. *L'industrie de la soie en Provence au XVIII<sup>e</sup> siècle.* Rev. Intern. de Sociol., No. 1, 1911.

LEROY-BEAULIEU, P. *Le mouvement des successions en France depuis le commencement du siècle.* L'Econ. Franç., Feb. 3, 1912. Pp. 2.

The estates of decedents, appraised for taxation in France, have shown a tendency to decline rather than to increase in annual value, since 1900. The author discusses possible explanations—decrease in mortality crises, rise in rate of interest, evasion of the inheritance tax; and fixes the chief responsibility on the last named.

MARTIN, G. *La Fronde et les rentiers.* C.R. Acad. des Sciences Morales, Sept.-Oct., 1911. Pp. 27.

MAUNIER, R. *Les idées politiques et économiques d'un cultivateur en l'an V.* Rev. Hist. de la Révolution Franç., Oct.-Dec., 1911. Pp. 14.

Analysis of Lovalt's *Du Contrat Social*.

DE MOKEEVSKY, A. *La réforme agraire en Russie.* Rev. d. Deux-Mondes, Jan. 16, 1912.

MOORE, S. C. *The industrial evolution of a manufacturing village.* Econ. Journ., Dec., 1911. Pp. 11.

Interesting study of the development of fustian manufacture, since the eighteenth century, at Hebden Bridge in Yorkshire.

NITTI, F. *Some demographic and economic information on Italy in the last fifty years.* Bull. Bur. Econ. & Social Intelligence, Feb., 1912. Pp. 8.

An address by the Italian minister of agriculture, chiefly statistical.

NOYES, A. D. *Politics and prosperity.* Atlantic, Feb., 1912. Pp. 12.

PALMIERI, P. A. *La Finlandia agricola e commerciale.* Riv. Intern., Feb., 1912.

Review of the economic progress of Finland during half a century.

PEREZ, L. M. *Labor bibliografica.* Revista Bimestre Cubana, May-June, et seq., 1911.

Many titles of interest to economics are included in this list of works printed in Cuba, or elsewhere with reference to Cuba, for the period 1800-1825. The bibliography runs through several numbers of the "Revista."

PHILLIPS, M. *The South Sea bubble.* Journ. Inst. Bankers, Mar., 1912. Pp. 25.

Contains reproductions of South Sea playing cards and of the Bubbler's Mirrour; a contemporary broadside.

- PLATON, G. *Les banquiers dans la législation de Justinien*. Nouvelle Rev. Hist. de Droit, Mar.-Apr., 1911.
- POHLE, L. *Das Wirtschaftsjahr 1911 und die wirtschaftlichen Aussichten*. Zeitschr. f. Socialwis., Feb., 1912. Pp. 13.
- QUESSETTE, F. *L'administration financière des Etats de Bretagne de 1689 à 1716*. Annales de Bretagne, Apr., 1911. Pp. 23.
- RADCLIFFE, W. L. *The early development of the linen trade in Ulster*. Clare Market Rev., Nov., 1911.
- STOWESAND, W. *Die wirtschaftliche Gesetzgebung der deutschen Bundesstaaten im Jahre 1910*. Jahrb. f. Nat. Oek., Aug., 1911.
- WHELPLEY, J. D. *Italy's economic outlook*. Century, Apr., 1912. Pp. 22.
- WILSON, B. *The economic legislation of 1911*. Econ. Journ., Mar., 1912. Pp. 11.

Summary of the Acts of Parliament, excluding the National Insurance Act.

### Economic Geography

(Abstracts by E. V. D. Robinson)

- ADIGARD, P. *Une nouvelle richesse nationale: le fer dans l'ouest de la France*. Réf. Soc., May, 1912.

Iron deposits were worked in west of France in ancient and mediæval times, and even after the Revolution, but their location and even existence were forgotten till 1898. The present output in Normandy is rapidly increasing. There are also deposits in Brittany and Anjou. Part of the output goes to the furnaces in the north of France, part is exported in return for English and German coal. Wages in those districts have already risen, foreign workmen have come in, and a typical industrial revolution is in progress.

- BARR, G. W. *Harnessing the Mississippi to electric generators*. Rev. Rev., Apr., 1912.

The Keokuk dam will make possible 300,000 h. p.—over half of all now developed on both sides at Niagara. It will also provide deep water navigation over the Des Moines rapids. Next to Panama it is the greatest engineering feat of the age.

- BRASHEARS, W. F. *Illinois' water-power water-way*. Public Service, Apr., 1912.

The proposed bond issue is "a twenty-million-dollar plum, dangling tantalizingly before the glistening eyes and watering mouths of the Illinois politicians." The water power feature of it is not practical in either an engineering or a financial sense.

- BROOKS, B. *Water and power in industry—The power planters*. Scribner, May, 1912.

A popular article, well written and well illustrated, on the construction of hydro-electric plants.

- GILLETTE, H. P. *The appraisal of water rights*. Engg. & Con., April 17, 1912.



Larger "multiplier" usually necessary in case of land for water power purposes than for railways, because no substitute routes possible; though rate per acre may be lower when area involved is larger. Multiplier largest on small watershed near great city. Company is entitled to be recouped for depreciation, whether of pump or watershed.

LAURENT, T. *Le développement économique de la France. L'industrie métallurgique.* Mus. Soc. Mém., Apr., 1912.

A usable sketch of the development of the iron industry in France during the last century, largely statistical in character. The others of the same series treat agriculture and textiles of France.

McCOURT, W. E. *A philosophy of geography.* Pop. Sci. Mo., June, 1912.

Geography is not merely a matter of location but of natural controls of life. Interesting collection of examples showing extent of environmental influences.

McKIBBEN, F. P. *Alaska: A much misunderstood territory.* Engg. Mag., May, 1912.

Coast region has immense undeveloped water power. Greatest need is centralized government by a commission, as in Canal Zone. Best plan for mineral development is a leasing system.

MERRILL, O. C. *Water power development under government control.* Eng. Rec., Apr. 27, 1912.

Regulation of water power companies dates back to 1851 in France and 1878 in this country, but has developed most rapidly in the last ten years. Control is local in some countries, national in others, and varies from fixing conditions of franchise, as in most of the American states, to detailed supervision, as in Italy and Switzerland. The federal government, in this country, limits its action to control of power sites on public domain and the exaction of a reasonable rental.

PAWLOWSKY, A. *Le minerai de fer en Anjou et en Bretagne.* Journ. des Econ., Apr. 15, 1912.

These deposits occupy a series of synclines extending as far south as Nantes and appear to be prolongations of the Norman deposits. The mineral is, however, not usually carbonate, but magnetite or hematite. The principal districts are about Segré and Châteaubriant. These deposits were known in previous centuries but were lost sight of again until after 1870, and remained practically unused till after 1900.

DES ROTOURS, A. and others. *Une nouvelle richesse nationale: le fer dans l'ouest de la France.* Réf. Soc., Apr. 16, 1912.

A discussion of the paper by M. Adigard, devoted chiefly to the question of foreign capital and foreign workmen in the French iron mines.

RODGE, F. P. *A consideration of the report of commissioner of corporations on water power development in the United States.* Stone & Webster Pub. Serv. Journ., May, 1912.

Concentration of control is due to nature, the large powers being

few and at the same time most economical in operation. Competition is wasteful, while consolidation makes for economy and efficiency.

RUEGG, S. G. *What cooperation is doing for the German beet sugar industry.* Am. Sugar Industry, May, 1912.

Anticipating a surplus of sugar in the world market, all classes in Germany interested in the sugar industry have formed an organization to secure the removal of the consumption tax on sugar and by a great variety of means extend the use of sugar in Germany.

RUSHMORE, D. B. *Water power in industrial life.* Scribner, May, 1912.

A rather disconnected account of notable power plants, with some striking illustrations and maps of long distance transmission systems.

TOBELL, J. *Betrachtungen und Vorschläge zur Wasserrechtsgesetznovelle.* Elektrotech u. Maschinenbau, Mar. 24, 1912.

UNSTEAD, J. F. *The cultivation of wheat in North America.* Geog. Journ., Apr.-May, 1912.

Present limits are economic, but these tend in the long run to approximate the physical limits. Most of article is devoted to extremely careful statistical study of physical limits and their causes. A thorough piece of work of permanent value.

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*The final report of the national waterways commission.* Engg. News. Apr. 25, 1912.

Inland water transportation is decreasing, especially on upper Mississippi. Commission nevertheless recommends the Lake Erie-Ohio River project; also that Interstate Commerce Commission be empowered to compel connection and through rates over joint land and water lines. Discusses thoroughly all aspects of water conservation.

## Railways

(Abstracts by Ernest R. Dewsnup)

ALLEN, W. F. *Railways and nationalization in the United States, apropos of a work by Mr. E. A. Pratt.* Bul. Int. Ry. Cong., Apr., 1912.

BAKER, J. N. *The fourth section, or the long and short haul.* Yale Law Journ., Feb., 1912.

"No rate to an intermediate point can be reasonable so long as the carrier is maintaining at the more distant point a lower rate, except in so far as that lower rate is compelled by causes which the carrier does not control."

BISHOP, A. L. *The Hudson Bay route, a new outlet for Canadian wheat.* Ry. Age Gaz., Apr. 26, 1912. Pp. 2½.

Route will be reasonably safe from July to October. The difficulties in operation of railway from The Pas to Hudson Bay will not be insuperable.

COLSON, C. *Results of operation of the French state railways, 1909 to 1911.* Ry. Age Gaz., May 31, 1912. Pp. 3½.

Abstract of article in *Bulletin of International Railway Association.*

The operating results of 1908, 1909, 1910 are given, showing continued financial deterioration, unrelieved by any improvement in service. The nationalization of the Western system was unwise but improvement of the present condition is to be hoped for from the financial reorganization provided by the Act of 1911.

DELANE, F. A. *What is the matter with the railways?* Ry. Age Gaz., Apr. 19, 1912. Pp. 2.

Need of coöperation between the public and the railways. A profit-sharing arrangement is, perhaps, the only way in which an end can be put to hostile legislation.

DUNN, S. O. *Railway discrimination.* Journ. Pol. Econ., May, 1912. Pp. 25.

Recent instances of unfair discrimination are discussed and the conclusion is arrived at that, to meet such cases as are quoted, the Interstate Commerce Commission should be given power to fix minimum rates.

EMERSON, H. *The efficient manufacture of railway transportation.* Engg. Mag., June, 1912. Pp. 7.

Illustrates varying ideals of public service as manifested in the way in which different corporations treat the public.

LEROY-BEAULIEU, P. *Government railway operation in France.* Ry. Age Gaz., May 10, 1912. Pp. 2.

A translation of the editorial, an abstract of which appeared in the June number of the REVIEW (p. 467).

LEWIS, H. T. *Interest and profits in rate regulation: Practice of the Wisconsin Railroad Commission.* Pol. Sci. Quart., June, 1912. Pp. 21.

An explanation, largely in the words of the commission itself, of the principles upon which its decisions are based in the regulation of the rates of public utilities. Rates of interest and profit are allowed such as would exist, so far as can be ascertained, under similar conditions, competition being present.

RIPLEY, W. Z. *The commodity clause in railroad legislation.* Quart. Journ. Econ., May, 1912. Pp. 5.

Outlines the methods of reorganization of their coal-mining business adopted by the various anthracite roads under the pressure of the "commodity clause."

STOCKBRIDGE, F. P. *The parcels post.* World's Work, June, 1912.

SUFFERN, E. L. *The need of reconciliation between the railways and the public.* Engg. Mag., May, 1912. Pp. 5.

The railways would increase public interest in their financial needs if they would cultivate more effectually the good-will of the public.

SWAYZE, F. J. *The regulation of railway rates under the fourteenth amendment.* Quart. Journ. Econ., May, 1912. Pp. 36.

After explaining the significance of the decisions of the Supreme Court in the Granger and Minnesota rate cases, Judge Swayze examines the Nebraska rate cases and subsequent decisions, pointing out

that no definite rule was laid down regarding valuation, and that the law is still in a formative stage as regards the determination of reasonable value.

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*Effect of regulation in Texas.* Ry. & Engg. Rev., June 1, 1912.

P. 1.

An address prepared by the General Managers' Association of Texas. Freight rates in Texas are inadequate. Modification of existing stock and bond law is necessary to secure proper development of the railway system of the state.

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*F. C. Rice and the American Railway Association on accidents.*

Ry. Age Gaz., June 7, 1912. Pp. 1½.

Outlines the resolutions concerning railway trespassing and accident prevention passed by the association last May. A vast majority of the accidents that now occur could not be prevented by improvement of physical facilities, the human element being responsible.

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*Increase in fares on Illinois railway.* Elec. Ry. Journ., June 1, 1912. Pp. 2½.

Increase of fares by the Galesburg and Kewanee Electric Railway. The new rates were expected to produce an increase in revenue of 9.1 per cent, but only 4.2 per cent was secured, the number of passengers decreasing 4.1 per cent.

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*Injustice of freight "differentials" exposed.* Greater N. Y., May 27, 1912. P. 1.

Present differential system is urged by counsel, in argument before the Interstate Commerce Commission, to be an arbitrary discrimination against New York.

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*Proposed freight transportation in Chicago.* Elec. Ry. Journ., June 1, 1912. Pp. ½.

Urges the advantage of granting to all the surface and elevated railways of Chicago the power to carry package freight at night.

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*Some results of government railway operation in France.* Ry. & Engg. Rev., June 8, 1912. Pp. 1.

Summary of M. Colson's article, for which see above.

*The Panama toll question.* Ry. Age Gaz., May 31, 1912. Pp. 1.

The whole Panama Canal problem is being handled in a spirit of sectionalism, prejudice and political opportunism.

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*The tap-line case supplemental report.* Ry. Age Gaz., June 7, 1912. Pp. 2½.

The facts ascertained concerning certain tap-lines indicate that, in many respects, these lines are not observing the regulations of the Interstate Commerce Commission.

## Waterways

(Abstracts by Edwin J. Clapp)

ADAMSON, W. C. *Needed Panama canal legislation.* Independent, Mar. 21, 1912.

An argument against discrimination in Panama canal tolls in favor of American ships, coasting or otherwise. The exclusive right to engage in the coasting trade is already sufficient subsidy to American vessels.

B., L. *Bordeaux-Maritime*. Rev. Econ. Bordeaux, Nov.-Dec., 1911.

A detailed review of the clash of interests and inefficiency of administration which has hindered the authorized modernization of the port of Bordeaux. Present conditions of principal French ports.

LUDINGTON, A. C. *New York water terminals*. Nat. Munic. Rev., Jan., 1912.

An excellent survey of the New York Dock Department's plans to reorganize the Hudson River waterfront.

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*The Chicago river and the Chicago harbor*. Engg. News, Mar. 21, 1912.

Advocates the construction of a harbor outside the city for the transshipment of through freight between rail and lake carriers. This freight is to go around the city on a belt line and not, as at present, contribute to the city's congestion. Local freight is to be landed on the shores of the Calumet and Chicago rivers, as at present, but relief is to be afforded by the construction on the lake shore of two huge city piers, at the mouth of the Chicago river.

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*Debate on Panama canal tolls*. Mo. Bull. N. Y. Chamber of Commerce, Apr., 1912.

The Chamber of Commerce adopted a resolution calling on the President to use all means in his power, consistent with our treaty obligations, to have Panama canal tolls such as to protect American interests and serve the upbuilding of our merchant marine. "We advocate as a measure to this end that the rates of toll on vessels engaged in the coasting trade shall not be over one third the rate charged on vessels engaged in the deep sea business, or free if necessary to accomplish the purpose desired."

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*Domestic commerce should be free*. Greater New York, Mar. 11, 1912.

Advocates a free Panama canal for coasting vessels. The same policy applied to internal improvements should be applied to the canal as used in interstate traffic.

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*Report on Panama canal tolls*. Mo. Bull. N. Y. Chamber of Commerce, Mar., 1912. Pp. 5.

The Chamber's committee on foreign commerce reports in favor of toll of \$1 per ton upon all tonnage passing through the canal.

## Accounting

(Abstracts by John Bauer)

BENTLEY, H. C. *Standardization of accounting forms and methods*. Journ. Account., May, June, 1912.

Articles 3 and 4 of a series. Article 3 discusses the grouping and

arrangement of the items in the balance sheet, also the principles by which the various items should be valued. Article 4 is a discussion of the income statement: takes up the desirable title of the statement, the form and arrangement of items, and the sub-analysis of the statement. A typical balance sheet (in two forms) and a typical income statement (with sub-analysis) are given. Clear and suggestive short articles.

BOSHER, I. H. *Controlling accounts in cost accounting* Journ. Account., June, 1912. Pp. 15.

In four parts: (1) classification of accounts; (2) collection of cost data; (3) controlling accounts; (4) monthly statements. A rather indefinite and too general discussion.

FEDERAL ECONOMY AND EFFICIENCY COMMISSION. *Report on the accounting offices of the Treasury, with recommendations for the consolidation of the six auditors' offices into one office.* Gov. Account., May, 1912. Pp. 12.

The commission recommends that the present six auditors of the Treasury be replaced by the Auditor of the Treasury, and that all the auditing work of the government be consolidated. Uniformity of records and procedure would be secured, efficiency promoted, and a saving of over \$100,000 annually would be effected.

FRANKLIN, B. A. *Cost methods that give the executive control of his business. V. Labor from the cost viewpoint.* Engg. Mag., May, 1912.

The weekly pay-roll should show the total labor cost and an analysis of it. Forms are presented providing ready comparisons from week to week.

FRANKLIN, B. A. *Cost methods that give the executive control of his business. VI. The veering question of expense.* Engg. Mag., June, 1912.

Discusses so-called indirect expenses, or over-head charges. Two points are important: (1) determining cost of salable articles; (2) keeping expenses under control. There is no absolute rule for correct apportionment of indirect expenses; the value of any rule adopted must be judged more from the second than the first point.

HEYDON, F. E. *Modern transportation accounting. II. Operating revenue.* Gov. Account., May, 1912. Pp. 6.

Discusses and illustrates the difficulty of determining absolutely what are operating and what are capital costs.

HUMPHREYS, D. G. *The value of buildings and machinery as a lender's security.* Accountant, May 25, 1912.

A suggestive article, written from the standpoint of English experience and law.

JENKINSON, M. W. *The promotion and accounts of a public limited company.* Accountant, June 1, 8, 15, 1912.

Describes procedure in the promotion of a company, and explains the various books of accounts that should be kept—according to English custom and practice.

LEONHAUSER, U. L. *A national fund for promoting efficient municipal accounting and reporting.* Gov. Account., May, 1912. Pp. 4.

Briefly describes the work carried on through the Metz fund establishing scientific and uniform accounting in cities.

LEONHAUSER, U. L. *Municipal accounting: the capital account balance sheet.* Gov. Account., May, 1912. Pp. 9.

Discusses the advantages of subdividing the general balance sheet of a city so as to bring in comparison the permanent properties with the bonded long-time debts.

MITCHELL, T. W. *Relation of cash discounts to goods valuation and to reserves for bad debts.* Journ. Account., May, 1912. Pp. 10.

Cash discounts offered and taken on sales are usually treated as *losses* to the seller and *gains* to the purchaser. This is wrong accounting. Discounted cash prices are *present* values of goods sold; undiscounted prices are *future* values, and include (1) interest on present values, (2) insurance on bad accounts. Therefore, if cash accounts offered are taken, the seller gets and the purchaser pays what is immediately due, there is neither loss nor gain; but, if the discounts are not taken, then the seller receives and the purchaser pays interest and insurance,—the opposite of the usual treatment. These facts should be shown by the accounts, and the article explains how this can be done. An unusually valuable article.

MOYER, M. S. *The audit of banks of discount and deposit.* (Second article.) Journ. Account., May, 1912. Pp. 5.

PAULA, F. R. M. DE. *A few notes on auditing.* Account., June 15, 1912.

Covers a wide variety of points on accounting, auditing and finance; pays particular attention to the auditing of depreciation.

PRENDERGAST, W. A. *Efficiency through accounting.* Ann. Am. Acad., May, 1912.

Holds that modern accounting cannot produce efficiency in city government, but clears the way for efficiency. Recounts the experience of New York city in getting control of the various classes of expenditures and in establishing standards of results.

TAUSSIG, B. J. *Results obtainable through reorganization of accounting methods (in cities).* Ann. Am. Acad., May, 1912.

Accounts should show revenues and costs, provide for measuring the efficiency of services, and keep control of municipal properties. The article is based upon the experience of St. Louis.

TAYLOR, G. *Municipal accounts.* Accountant, May 11, 1912. Pp. 7.

Show advantages of the "income and expenditures" accounts system over the "receipts and payments" system. Discusses a number of important points on English municipal accounting, both as required by law and as established by practice.

TURNER, E. H. *The repayment of loans of commercial and financial undertakings (sinking funds).* Accountant, Apr. 27, 1912.

Discusses the principles of a sinking fund, the kind of debts for whose extinguishment it should be used, interest rates earned and forms of investment.

WALTON, J. M. *The application to a municipality of modern methods of accounting and reporting.* Ann. Am. Acad., May, 1912.

The author is city controller of Philadelphia, and he describes the reorganization which was recently effected in the accounting methods of that city. Presents consolidated balance sheet of Philadelphia for December 31, 1911.

WRYE, W. C. *Profit and loss—or what?* Journ. Account., May, 1912. Pp. 4.

Suggests "Revenue and Expense" as a title for the statement showing the gains and costs for a given business period. About ten different terms are being used currently to designate this statement.

### Corporations and Trusts

(Abstracts by M. H. Robinson)

ALEXANDER, M. W. *Contribution of industrial combination to national welfare.* Ann. Am. Acad., July, 1912.

Advocates the creation of a "Department of Applied Economics" in every large combination, for the purpose of studying labor conditions and applying proper remedies.

BOLLING, R. C. *United States Steel corporation and labor conditions.* Ann. Am. Acad., July, 1912.

A detailed account of the work of the United States Steel corporation for the welfare of its employees.

BOSTON, C. A. *The spirit behind the Sherman anti-trust law.* Yale Law Journ., Mar., 1912.

CANFIELD, G. F. *Competition, the safeguard and promoter of general welfare.* Ann. Am. Acad., July, 1912.

Shows the wide field of competition still existing.

CLARK, J. B. *The possibility of competition in commerce and industry.* Ann. Am. Acad., July, 1912.

Contents that it is possible so to change our laws that competition may be preserved and its benefits retained without a destructive warfare on trusts.

DAVIS, W. H. *Patents.* Sch. of Mines Qr., Apr., 1912.

DAWSON, M. M. *Publicity of accounts of industrial corporations.* Ann. Am. Acad., July, 1912.

Advocates a bureau at Washington for the purpose of maintaining a department for the filing of corporation reports, with provision for investigation where there is suspicion that false statements have been made.

EVANS, H. *The Standard Oil and American Tobacco cases.* Univ. of Pa. Law Rev., Feb., 1912.



Shows to what extent the scope of the anti-trust law has been extended in the above decisions.

FREUND, E. *The enforcement provisions of the Sherman law.* Journ. Pol. Econ., May, 1912.

FITCH, J. A. *United States Steel corporation and labor.* Ann. Am. Acad., July, 1912.

Based upon the author's personal investigations for the "Pittsburgh Survey." Believes that the United States Steel corporation has not been a good thing for labor and gives his reasons. Also discusses the papers of McCleary, Bolling, and others on labor conditions.

FOOTE, A. R. *Unregulated competition is destructive of national welfare.* Ann. Am. Acad., July, 1912.

Strongly advocates regulation of combinations by the government.

FOULKE, R. R. *Restraints on trade, I, II.* Columbia Law Rev., Feb., Mar., 1912.

Excellent articles, especially strong from the legal point of view. Monopoly is a lawful thing, and the objection to the law is directed against its methods.

GARFIELD, J. R. *Publicity in affairs of industrial combinations.* Ann. Am. Acad., July, 1912.

GWYNN, J. K. *Industrial combines and national progress.* Ann. Am. Acad., July, 1912.

A defense of combinations which is called a "national evolution."

HALL, J. P. *Constitutional aspects of federal regulation of business.* Journ. Pol. Econ., May, 1912.

Through taxation, postal regulations, the interstate commerce clause, and control over interstate corporations, Congress has power to effectively regulate large business enterprises.

KELLOGG, F. B. *Results of the Standard Oil decision.* Rev. Rev., June, 1912.

The courts have accomplished all that could be expected. The prices of the Standard Oil Company stocks have gone up because the suit disclosed an immense surplus. Congress should provide for federal incorporation, compulsory federal licenses.

KING, MONTAGUE, ROESLER, and WALKER. *The policy of Great Britain, Canada, and Germany to industrial combinations.* Ann. Am. Acad., July, 1912.

The Canadian Combines Investigation Act is discussed by Mackenzie King, the British situation by Mr. Montague; and the German attitude toward combinations by Roesler and Walker.

KIRLEY, J. JR. *The benefits of industrial combinations.* Ann. Am. Acad., July, 1912.

Praises industrial and attacks labor combinations.

MONTAGUE, G. H. *The gist of the Supreme Court decision in the Dick Patent Case.* Engg. Mag., May, 1912.

The Supreme Court decision is in accordance with previous decisions,

English and American; it is also, in the writer's opinion, sound from the standpoint of public policy.

MONTAGUE, G. H. *The gist of the proposed patent-law amendments.* Engg. Mag., June, 1912.

Defends the present patent law and argues that proposed amendments providing for "compulsory licenses" and prohibition of "license restrictions" would inevitably retard future progress.

MALTBIE, M. R. *Judicial review of public regulation.* Journ. Pol. Econ., May, 1912.

Judicial review of acts of commissions is apt to be unwise, and if the corporations make appeals to the courts to secure delays, a return may be made to legislative regulation, subject to no such review.

MCCLEARY, J. T. *Big business and labor.* Ann. Am. Acad., July, 1912.

Reviews the progress made in improving conditions and attributes it to big business.

MEADE, E. S. *The fallacy of big business.* Ann. Am. Acad., July, 1912.

The trusts are inefficient, and should be disintegrated. Cut-throat competition would not result, but competition restored would enforce economy and efficiency.

RUSSELL, C. E. *The lumber trust.* World To-day, Apr., 1912.

A continuation of the March article in the same magazine.

SEWALL, E. D. *Actual and constructive patent infringement.* Mach., Apr., 1912.

First of a series of articles.

SHAPIRO, H. *The formation of companies under the English company law: a comparison with American legislation.* Univ. of Pa. Law Rev., Mar., 1912.

SLOSS, R. *The coffee trust.* World's Work, June, 1912.

A careful description of the valorization plan of Herman Sielcken and certain financial interests under his direction.

STEVENS, W. S. *The powder trust, 1872-1912.* Quart. Journ. Econ., May, 1912.

Written from the government record in the suit against the company. The article is strong and illuminating.

TAFT, WICKERSHAM, SMITH, NEWLANDS, BECK, ROBERTS, and WILLIAMS. Ann. Am. Acad., July, 1912.

This series of papers quite generally advocates the control of combinations by a federal commission. Four are in favor of federal incorporation.

TALBERT, SEAGER, NOYES, and MONTAGUE. *The effect of the Sherman anti-trust law on the business of the country.* Ann. Am. Acad., July, 1912.

Destruction of combination by the government is bad policy. Commerce commission is desirable. The patent law defended.

THOMPSON, H. *Big business and the citizen.* I. Rev. Rev., June, 1912.

The article, first of a series, is written to show that monopoly is not a

new thing; that all of the practices of the modern trust are old, but that secrecy is the new sin in business—a claim which may well be doubted.

WILLIAMS, J. *Harmful effects of industrial combinations on labor.* Ann. Am. Acad., July, 1912.

Combinations have made labor more productive, but have retained the added product and used it for dividends. The conditions of labor and the terms of employment are less satisfactory.

WILLIAMS, T. *Competition as a safeguard to national welfare.* Ann. Am. Acad., July, 1912.

Rather general in its nature showing the benefits of rational competition.

WYMAN, B. *Unfair competition by monopolistic corporations.* Ann. Am. Acad., July, 1912.

Advocates an interstate trust commission, similar to the Interstate Commerce Commission, and would give it administrative power over unfair practices, extortionate charges, etc.

WOODMAN, R. S., JR. *Beneficial effects of industrial combinations over labor conditions.* Ann. Am. Acad., July, 1912.

Written from the manager's viewpoint, and claims that conditions have improved under the combinations.

————— *The just value of monopolies, and the regulation of the prices of their products.* Pr. Assoc. of Civ. Engrs., Mar., 1912.

————— *The law of restraint of trade.* Green Bag, May, 1912.

A complimentary review of Mr. R. R. Foulke's articles under the above title in the *Columbia Law Review*, Feb. and Mar., 1912.

## Labor and Labor Organizations

(Abstracts by David A. McCabe)

ANDREWS, J. B. *Protection against occupational diseases.* Pub. Acad. Pol. Sci., II, 2, 1911. Pp. 6.

BARNETT, G. E. *A documentary history of American labor.* Pol. Sci. Quart., June, 1912. Pp. 6.

A review of volumes III to X of *A Documentary History of American Industrial Society*.

BARNETT, G. E. *National and district systems of collective bargaining in the United States.* Quart. Journ. Econ., May, 1912. Pp. 19.

An examination of the history of bargaining between unions and national or district employers' associations from 1898 to date and the conclusions reached as to the conditions under which such systems may be expected to be successfully maintained.

BARRY, R. *Legislating for labor.* Hampton's, Mar., 1912.

BATTEN, S. Z. *Muscatine: the strike problem of a mid-western town*. Survey, June 1, 1912. Pp. 9.

Account of a strike of button makers which has lasted for more than a year. The issue is unionism.

BOGARDUS, E. S. *The relation of fatigue to industrial accidents (concluded)* Am. Journ. Sociol, Jan., 1912.

Finds that fatigue is a cause of industrial accidents.

BOHLEN, F. H. *A problem in the drafting of workmen's compensation acts*. Harvard Law Rev., Feb., Mar., Apr., 1912. Pp. 21, 27, 31.

An examination of the judicial interpretations of the phrases "personal injury by accident" and "arising out of and in the course of the employment" which occur in a clause of the English Acts of 1897 and 1906 which has been widely copied verbatim.

BOHN, W. E. *The industrial workers of the world*. Survey, May 4, 1912. Pp. 6.

The writer was "identified with the I. W. W. in its initial stages." Sets forth the aims of the Chicago I. W. W. and the relation of this to other groups of industrial revolutionists.

BURNS, A. T. *A promising foundation for industrial peace*. Survey, May 4, 1912. Pp. 5.

Refers to the success achieved under the Erdman Act.

CLARK, I. D. *Review of labor legislation of 1911*. Bull. Bur. Lab., Nov., 1911. Pp. 50.

CLEMENT, H. *Les forces ouvrières*. Réf. Soc., Feb. 16, 1912. Pp. 10.

Favors the organization of workmen into peaceful unions under the patronage of employers' associations.

DELAND, L. F. *The Lawrence strike: a study*. Atlantic, May, 1912. Pp. 12.

Conditions in Lawrence are the result of the operation of the laws of demand and supply and are no worse than in other textile centers. Emphasizes the need of conservative trade unions to check the spread of revolutionary organizations.

DOUGLAS, J. *Sir David Dale: iron-master, conciliator, arbitrator*. Engg. Mag., May, 1912. Pp. 13.

DURAN, P. *La protection du travail en Belgique*. Mouv. Social, May, 1912. Pp. 17.

EMERY, J. A. *Labor organizations and the Sherman law*. Journ. Pol. Econ., June, 1912. Pp. 13.

Holds that the Sherman law has been properly applied to labor organizations and that the latter should not be exempted from its provisions.

FAY, C. N. *The value of existing trade-unionism*. Atlantic, June, 1912. Pp. 13.

The writer, an employer, attacks the purposes and methods of the unions. Proposes that each employer encourage his employees to form a union of their own.

FREUND, E. *Constitutional status of workmen's compensation*. Illinois Law Rev., Feb., 1912.

Favorable to the constitutionality of such laws.

GERARD, C. *Organisation et résultat du syndicalisme féminin aux Etats-Unis*. (Concluded.) Mouv. Social, Apr. 15, 1912. Pp. 20.

What women's unions have accomplished in certain trades, particularly under stimulus from and the guidance of the National Women's Trade Union League.

GOMPERS, S. *Syndicalism, "partyism," and unionism*. Am. Federationist, May, 1912. Pp. 11.

"Syndicalism has not the faintest show of success in America." Trade unionism and legitimate political action will prove effective in the future as in the past.

GUYOT, Y. *Le minimum de salaire des mineurs britanniques*. Journ. des Econ., Apr. 15, 1912.

An unfavorable criticism of the provisions of the act and of the influences which secured its passage. It will not secure a lasting settlement.

HAMILTON, A. *What one stockholder did*. Survey, June 1, 1912. Pp. 3.

Brought about greatly increased protection against occupational diseases in the Pullman shops.

HANSON, W. C. *Attitude of Massachusetts employers toward the health of their employees*. Bull. Mass. State Board of Health, Mar., 1912.

HARLEY, J. H. *Syndicalism and the labour unrest*. Contemp. Rev., Mar., 1912. Pp. 10.

The teachings of Georges Sorel, which have in large measure caused the present labor unrest all over Europe.

HARRIS, H. J. *The increase in industrial accidents*. Quart. Pub. Am. Stat. Assoc., Mar., 1912. Pp. 27.

An examination of German, Austrian, and British statistics of industrial accidents and the causes of the apparent increase. Serious accidents have decreased, but those producing temporary disablement have increased,—in Germany and Austria at least.

HARRISON, S. M. *Nine years' experience under the anthracite conciliation board*. Survey, Apr. 20, 1912. Pp. 9.

HATCH, L. W. *Working conditions in New York city steam laundries*. Bull. N. Y. Dept. Lab., Mar., 1912. Pp. 16.

HOLDER, A. E. *Attitude of labor toward conciliation and arbitration in Great Britain*. Bull. Bur. Lab., Jan., 1912. Pp. 24.

Finds that labor organizations favor provisions for settlements by direct negotiations by their officials with employers without strikes, are strongly opposed to compulsory arbitration, and the majority do not favor submitting disputes to arbitrators appointed by the Board of Trade for final settlement.

HOLDER, A. E. *Railroad strikes since 1877—a triumphant record of trade-unions*. I. Am. Federationist, June, 1912. Pp. 7.

KERSHAW, J. B. C. *Labour unrest in the United Kingdom*. II. Engg. Mag., May, 1912. Pp. 9.

Proposes as remedies labor co-partnership, protective tariff, and legal prohibition of and preparation to meet the general strike.

LAMY, C. and others. *La Chambre de métiers de la Haute-Vienne. La question de l'apprentissage*. Réf. Soc., May 1, 16, 1912. Pp. 14, 18.

Account of and discussion of the organization of day courses of supplementary instruction for apprentices by the Chamber of Commerce of Limoges.

LAUCK, W. J. *Cotton operatives of New England*. Atlantic, May, 1912. Pp. 8.

The change in the racial composition of the labor force and in working and living conditions in the New England textile centers.

LAUCK, W. J. *The lesson from Lawrence*. No. Am. Rev., May, 1912. Pp. 8.

Working and living conditions in Lawrence are representative of those in all our industrial localities of the North and West. At least a temporary check upon immigration is urgently needed.

LEROY-BEALIEU, P. *L'introduction en Europe de la législation australienne sur le régime du travail*. Econ. Franç., Mar. 23, 1912.

LOENING, E. *Das englische Genossenschaftsrecht*. Jahrb. f. Nat. Oek., III, 43, 1 & 2, 1912.

LOW, A. M. *Attitude of employing interests toward conciliation and arbitration in Great Britain*. Bull. Bur. Lab., Jan., 1912. Pp. 18.

Results of an inquiry made during the railway and dock strike of 1911. Found the employers substantially unanimous in favor of schemes of voluntary conciliation and arbitration, but opposed to arbitration under state sanction.

LUDERS, E. *Die Arbeiterfrage in den deutschen Kolonien*. Soziale Praxis, Apr. 11, 1912.

Emphasizes the necessity of training the natives to become efficient and dependable laborers and of state organization of the labor market to do away with the exploitation of both employers and natives by intermediary contractors.

MALLOCK, W. H. *Labour unrest as a subject of official investigation*. Nineteenth Cent., June, 1912. Pp. 16.

The labor unrest in the United Kingdom is due essentially to the extravagant beliefs of the laboring classes as to what they ought to have and may practically secure. These illusions are due to the present unsound system of education for the manual workers.

MARCH, L. *Some researches concerning the factors of mortality*. Journ. Royal Statist. Soc., Apr., 1912.

Considers, among others, industrial or occupational factors. Em-

phasizes that "the coefficients of mortality vary as much according to the grade of occupation (whether employers, salaried persons or workpeople) in an industry as according to the industry itself."

MUSSEY, H. R. *Trade unions and public policy*. Atlantic, Apr., 1912. Pp. 6.

A lesson from the McNamara case. The conclusion is reached that unless the employers recognize that they are public servants, the final solution of the labor question may be found in socialism.

NEAL, E. H. *The "open" shop*. No. Am. Rev., May, 1912. Pp. 12.

A unionist's argument for the closed shop, with particular reference to the fight of the carpenters of Greater New York against wood work from non-union mills.

NEILL, C. P. *Mediation and arbitration of railway labor disputes in the United States*. Bull. Bur. Lab., Jan., 1912. Pp. 63.

A valuable account of the workings of the Erdman Act of 1898. The results in each case are presented in tabular form and the general experience summarized. Two important cases are treated in detail. The writer is one of the mediators under the act.

PHELPS, E. B. *American brewery-workers' surprising rejection of their proffered workmen's compensation and old-age pensions—A clean-cut case of "the consciousness of kind."* Am. Underwriter, Apr., 1912. Pp. 16.

PICARD, R. *La journée de dix heures dans l'industrie*. Rev. Soc., Apr. 15, 1912.

RIBOUD, C. *Le parti ouvrier australien au pouvoir*. Rev. Sci. Pol., Mar-Apr., 1912. Pp. 22.

An examination of the policies of the Australian Labor party since its accession to power in April, 1910, and of the sources of its strength. The recent defeat of its proposed constitutional amendments giving the federal government greater power over industrial relations is no more than a temporary check.

ROBERT, J. *Woman and the wage question*. Rev. Rev., Apr., 1912.

An argument for minimum wage boards, with particular reference to the proposed Massachusetts law.

SANVILLE, F. L. *Silk workers in Pennsylvania and New Jersey*. Survey, May 18, 1912. Pp. 6.

SMITH, H. H. *Workmen's compensation in Michigan*. Mich. Law. Rev., Feb., 1912.

SOMMERFELD, T. and others. *List of industrial poisons and other substances injurious to health found in industrial processes*. Bull. Bur. Lab., May, 1912. Pp. 27.

SUMNER, H. L. *Industrial courts in France, Germany, and Switzerland*. Bull. Bur. Lab., Jan., 1912. Pp. 192.

An account of the organization and procedure of special courts for the settlement of disputes arising in connection with labor contracts and the results accomplished by them.

STEWART, E. *Canadian industrial disputes act*. Survey, June 1, 1912. Pp. 4.

TAYLOR, T. C. *Profit-sharing and labour copartnership*. Contemp. Rev., May, 1912. Pp. 10.

Urges employers to adopt a form of profit-sharing by which laborer receives his bonus as dividends on stock of the company. Gives a number of instances of its successful working. Writer is an employer.

WILLIAMS, J. *Industrial combinations and labor conditions*. Am. Federationist, May, 1912. Pp. 4.

"The conditions of the workers from an economic and social standpoint were much superior under the old method of independent operation."

WINSLOW, C. H. *Conciliation, arbitration, and sanitation in the cloak, suit, and skirt industry in New York City*. Bull. Bur. Lab., Jan., 1912. Pp. 70.

A detailed account of the terms of settlement of the strike of 1910 and of the operations of the machinery established for the adjustment of disputes and securing sanitary conditions. Contains much information as to working conditions in the industry.

ZIMMERMANN, W. *Nachklänge zum britischen Bergarbeiterstreik*. Soziale Praxis, Apr. 25, 1912.

Praises the orderly conduct of the strike by the miners' unions, reckons its cost, and emphasizes the significance of the legal recognition of the minimum wage principle in a highly paid trade.

LUCAS, C. L. *Features of apprenticeship system at the G. E. Co's Lynn Works*. Mach., Apr., 1912.

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——— *Canadian industrial disputes investigation act of 1907*. Bull. Bur. Lab., Jan., 1912. Pp. 18.

Presents the results of the operations of the boards provided by the Act of 1907. Is in continuation of articles in the *Bulletin* for May, 1908, and January, 1910. The material is taken from reports of the Canadian Department of Labour and the Fourth Report of the Registrar of Boards of Conciliation and Investigation.

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——— *Conciliation and arbitration of railway labor disputes in Great Britain*. Bull. Bur. Lab., Jan., 1912. Pp. 41.

Gives the causes of the dissatisfaction of the men with the agreement of 1907 which culminated in the strike of August, 1911, the recommendations of the Royal Commission, and the present modified plan of conciliation and arbitration. The latter is by no means universally regarded as satisfactory.

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——— *Conciliation and arbitration in Great Britain*. Bull. Bur. Lab., Jan., 1912. Pp. 38.

Summarizes activities of voluntary boards of conciliation and arbitration in the various trades and of the Board of Trade under the Conciliation Act of 1896 and the results attained.

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——— *Cumulative index of labor laws and decisions relating thereto*. Bull. Bur. Lab., Nov., 1911. Pp. 38.



*Laws of various states relating to labor enacted since January 1, 1911.* Bull. Bur. Lab., Nov., 1911. Pp. 564.

——— *The minimum wage act—A substantial review of the British coal mine act.* Engg. Mag., June, 1912.

*Minimum wages in public contracts in Belgium.* Board of Trade Lab. Gaz., Feb., 1912. Pp. 2.

## Money, Prices, Credit, and Banking

(Abstracts by Fred Rogers Fairchild)

ALLEN, W. H. *The false basis of the Aldrich plan.* Moody's Mag., May, 1912. Pp. 3.

Denies that the need of extra currency for handling the crops is an important cause of our banking troubles.

ANSIAUX, M. *La concentration des banques allemandes.* Bull. Inst. Solvay, No. 20, 1912. Pp. 7.

Describes the consolidation of banks and the extension of their field beyond strictly banking functions, into dealings in securities, promotions, speculation, etc. Finds the causes in the rapid growth of population, wealth, and industry, the desire to divide risks the burden of the imperial stamp tax on the small banks, the crisis of 1900, etc. (A review of Riesser's "Die deutschen Grossbanken und ihre Konzentration.")

ASHLEY, W. J. *Statistics and the theory of money.* Econ. Rev., Apr. 15, 1912. Pp. 4.

A criticism of the statistical method used by Professor Irving Fisher to verify the "equation of exchange."

BAUER, S. and FISHER, I. *Preissteigerung und Reallohnpolitik.* Ann. f. Soz. Pol. u. Gesetz., I, 4-5, 1911. Pp. 38.

Demonstrates that prices have increased, by statistics from many countries. Discusses various possible causes. Examines historically the effect of increase in prices upon the purchasing power of wages. Argues for the necessity of an international inquiry into the cost of living and outlines the proper scope of such an inquiry.

BRANDT, T. R. *The Fowler banking and currency bill.* Bankers Mag., June, 1912. Pp. 3.

Condemns the Aldrich banking plan and outlines briefly and recommends Congressman Fowler's bill of March, 1910.

COHEN, E. *Les caisses d'épargne. Comment elles sont organisées et fonctionnent; de quelles améliorations elles sont susceptibles.* (Third paper). Rev. Intern. du Com., Mar. 31, 1912. Pp. 25.

Advocates certain reforms. Especially opposes large investment of funds in government obligations, which is dangerous alike to government and banks. Urges decentralization of savings bank funds; investment in local enterprises and works of social improvement; creation of a class of banks free from legal regulation; adoption of the

postal check, etc. Suggests ways of meeting competition of coöperative banks, insurance companies, etc.

DORRIAN, C. I. *Banks and banking in Hungary*. Moody's Mag., May, 1912. Pp. 4. Brief sketch.

ECKHARDT, H. M. P. *Canadian banking in 1911*. Bankers' Mag. (London), May, 1912. Pp. 7.

Statistical review of business in 1911. Special attention to the inability to issue sufficient notes in the fall.

ESCHWEGE, L. *Bankwelt und Terraingeschaft*. Die Bank, Apr., 1912. Pp. 6.

Calls attention to participation of banks in speculation in land and buildings in Berlin. Dangerous for the banks, and has led to a poor class of buildings. Describes the ordinary way of conducting the business, which has brought a crisis in the Berlin real estate market.

GIBSON, A. H. *Savings bank statistics. II*. Bankers' Mag. (London), May, 1912. Pp. 14.

Formulation and demonstration of a corollary of the "reciprocal law." (Continuation of article in April Bankers' Mag.; cf. AMERICAN ECONOMIC REVIEW, June, 1912, p. 182. To be continued.)

HITCHCOCK, G. M. *Local reserve associations*. Journ. Am. Bankers Assoc., Apr., 1912. Pp. 4.

Defends present banking system of the United States. Attacks centralizing tendencies of the Aldrich plan. Proposes a plan for independent local reserve associations, with note issue by the United States Treasury.

HOBSON, O. R. *Agricultural credit banks*. Journ. Inst. Bankers, June, 1912. Pp. 26.

A description and analysis of the systems of agricultural credit banks in the countries of Continental Europe, especially Germany and France; followed by a study of English agricultural conditions, reasons for the lack of such banks, and discussion of the system most likely to succeed.

LANSEBURGH, A. *Die Landesflucht des Metallgeldes*. Die Bank, May, 1912. Pp. 12.

Describes the anxiety of the Belgian government over the continual export of its silver coin to France and elsewhere, a commission having been directed to investigate the subject. Shows that this is the natural result of the large uncovered note issue of the Belgian National Bank. Draws the same lesson from Germany's export of gold, in spite of continual gold purchases by the Reichsbank.

LANSEBURGH, A. *Der Berliner Privatdiskont*. Die Bank, Apr., 1912. Pp. 6.

Explains that, owing to the German practice of making payments at the end of each quarter-year, high discount rates are charged by the banks at these seasons. This has led to a distinction in the private rate of discount between long- and short-term loans, according as they

mature near the end of the quarter or not. Discussion of the consequences in the discount market.

LEXIS, W. *Vergleichende Untersuchungen über die Geschäftsentwicklung der Reichsbank*. Jahrb. f. Nat. Oek., Jan.-Feb., 1912. Pp. 32.

A critical examination of the development of the Reichsbank's business, with special reference to the gold reserve covering notes and deposits respectively, and with elaborate comparisons with the Bank of England and the Bank of France. Germany's industrial expansion, upon an insufficient basis of capital, has put a heavy strain on the Reichsbank's gold reserve.

LUFFT, H. *Nationaler Goldvorrat und zirkulierende Geldmenge*. Die Bank, Apr., May, 1912. Pp. 8, 7.

A theoretical examination of the monetary systems of Great Britain and Germany, with particular reference to the relation between the nation's standard money and its other forms of money and the relation between the national monetary system and the international standard, gold. Shows that the banking system has been compelled to assume the burden of maintaining the nation's gold reserve and that neither Great Britain nor Germany has developed a system adequate to this task.

MARCHI, I. *L'influence de l'accroissement du stock monétaire sur les prix*. Journ. Soc. Statist., Mar., 1912.

MARTINDALE, J. *Our banks, what shall we do with them?* World's Work, Apr., 1912. Pp. 5.

Brief suggestions for the practical management of a commercial bank.

MCCALEB, W. F. *Guarantee of bank deposits*. Forum, June, 1912. Pp. 9.

Superficial account of the history of deposit guarantee, and argument in favor of its general adoption in the United States.

MCDUGALL, E. C. *Reserve Association and country banks*. Moody's Mag., May, 1912. Pp. 3.

Answer to F. E. Lyford's article in "Moody's Mag.," Apr., 1912., which criticized the proposed Reserve Association from the point of view of the country banker.

MOUSSE, C. *Les causes de la hausse des prix*. Réf. Soc., Apr. 1, 1912. Pp. 16.

Rejects such temporary causes as industrial speculation, excessive consumption and crop failures. There must be a permanent cause, which is the depreciation of money. Affirms the truth of the quantity theory of money when properly stated.

MURRAY, W. J. *Methods of banking in Ulster, Ireland*. Moody's Mag., June, 1912. Pp. 3.

Very brief description of character of business and its success.

NAENDRUP, H. *Die Entwicklung des Geldwesens in den deutschen Kolonien*. Blätter f. vergleich. Rechtswis. u. Volkswirtschaft, Mar., Apr., 1912. Pp. 3, 14.

I. Description of the German monetary system with special reference to the legal tender quality of the several kinds of money and the circulation of foreign coin. II. Corresponding account of the systems of the various colonies (excepting German East Africa and Kiouchou) showing with much historical detail, how the system of the mother country has become the prevailing colonial system. (To be continued.)

PABST, F. *Oeffentliche Hypothekenbanken und Pfandbriefinstitute vom Standpunkt der Wohnungsfrage.* (Die "Pfandbriefbank.") *Jahrb. f. Nat. Oek.*, Dec., 1911.

RAFFALOVICH, A. *La Reichsbank et la crise d'automne.* *Journ. des Econ.*, Apr. 15, 1912. Pp. 8.

Shows how the bank conducted its business in face of the difficulties caused by the unusual extent of industrial and commercial undertakings, the increased speculation, and the political uncertainty, in the summer and fall of 1911.

RAFFALOVICH, A. *La production de l'or et le renchérissement.* *Journ. des Econ.*, Apr. 15, 1912. Pp. 4.

Opposes the plan of an international inquiry into the rise of prices, with particular criticism of the ideas of Professor Irving Fisher as to the influence of the production of gold upon the price level.

————— *The development of the rural banks affiliated to the Raiffeisen federation.* *Bull. Bur. Econ. & Soc. Intelligence*, Feb., 1912. Pp. 24.

A statistical record of the year 1909, with comparative figures for 1908, accompanied by brief analysis and discussion. Shows number of societies, amount and character of business done, profits and losses, general balance sheet, etc. Relates to Germany only.

————— *Organisation and development of land and agricultural credit in Egypt.* *Bull. Bur. Econ. & Soc. Intelligence*, Mar., 1912. Pp. 19.

Recent changes in legal and economic conditions which have stimulated investment in land mortgages. Brief accounts of the five banks furnishing credit. The relation of mortgage loans to agricultural conditions.

————— *Mortgage credit in Austria.* *Bull. Bur. Econ. & Soc. Intelligence*, Mar., 1912. Pp. 18.

Description of the business and of the several classes of institutions engaged. Some statistics, showing growth of business and present amount of mortgages.

————— *Wholesale prices, 1890 to 1911.* *Bull. Bur. Lab.*, Mar., 1912. Pp. 195.

The regular annual report on prices in the United States. An elaborate statistical study, showing actual wholesale prices of 257 commodities for each month of 1911, average annual prices for each year, 1890-1911, relative prices for each month of 1911 and each year 1890-1911, as compared with the average for 1890-1899. Statistics are given in great detail and commodities are grouped in various ways. Full explanation of work, but little discussion of causes.

————— *Wholesale prices in Canada, 1890 to 1911.* Bull. Bur. Lab., Mar., 1912. Pp. 3.

Brief summary of report by Canadian Dept. of Labour, Ottawa, 1912.

————— *Les opérations de la Banque de France pendant l'année 1911.* L'Econ. Franç., Apr. 20, 1912. Pp. 3.

Extracts from the report of the bank's *Conseil General* to the shareholders. Mainly a discussion of the new arrangement between the bank and the government. Followed by statement of principal features of the bank's business in 1911.

————— *Preisbewegung der hauptsächlichsten Lebensmittel im Jahre 1911.* Reichs-Arbeitsblatt, Mar., 1912. Pp. 3.

### Public Finance

(Abstracts by C. C. Williamson)

ANTONY, A. *Le budget de l'Alsace-Lorraine. II.* Rev. Sci. Pol., Mar.-Apr., 1912. Pp. 16.

A second instalment. Describes at length the form of the budget, its preparation and voting. (To be continued.)

ASHLEY, P. *The financial systems of Germany.* (With discussion.) Journ. Royal Statist. Soc., Apr., 1912. Pp. 38.

A very useful survey of the German public revenues—imperial, state, and local.

BEAUREGARD, P. *Le nouveau budget.* Le Monde Econ., Apr. 20, 1912.

BIGENWALD, J. *La vie chère et les droits d'octroi sur le poisson de mer.* Rev. Pol. et Parl., Apr. 10, 1912. Pp. 17.

DE BOISSIEU, H. *Les taxes sur la plus-value foncière spéculement en Belgique.* Réf. Soc., June, 1912. Pp. 28.

BOND, B. W. *The quit-rent system in the American colonies.* Am. Hist. Rev., Apr., 1912. Pp. 21.

BRADDOCK, J. H. *Efficiency value of the budget exhibit.* Ann. Am. Acad., May, 1912. Pp. 7.

COSMETATOS, S. P. P. *L'impôt en revenue en Grèce.* Le Monde Econ., May 11, 1912. Pp. 3.

A general descriptive article with unfavorable criticism.

FERNI, G. *Les finances italiennes.* Rev. Econ. Intern., May, 1912. Pp. 6.

FREVILLE, F. *L'impôt sur le revenu dans les différents états de l'Europe (situation financière de la France).* Acad. Natl. de Reims. Trav., Vol. 128, 1911. Pp. 25.

GUYOT, Y. *Le budget de 1913.* Journ. des Econ., May, 1912. Pp. 15.

Criticism from the liberal point of view, of certain general tendencies in fiscal policy.

HUART, A. *La solution du problème fiscal.* Le Monde Econ., June, 1912. Pp. 3.

INGERSOLL, R. V. *Lighter taxation of buildings as a housing reform measure.* Nat. Munic. Rev., July, 1912. Pp. 3.

Brief summary of one of the remedies proposed by the New York Committee on Congestion.

LEROY-BEAULIEU, P. *Le gouffre: la croissance de plus en plus excessive des budgets français.* L'Econ. Franç., Apr. 20, 1912. Pp. 2.

LEROY-BEAULIEU, P. *Le gouffre: le gonflement des dépenses des divers départements ministériels depuis douze ans.* L'Econ. Franç., Apr. 27, 1912. Pp. 3.

LEROY-BEAULIEU, P. *Le réveil de l'impôt personnel et global sur le revenu.* L'Econ. Franç., May 4, 11, 18, 1912.

LEROY-BEAULIEU, P. *L'emprunt de 200 millions de la ville de Paris pour les habitations à bon marché.* L'Econ. Franç., Apr. 6, 1912.

LEROY-BEAULIEU, P. *De quelques économies budgétaires faciles à réaliser.* L'Econ. Franç., June 8, 1912.

LEVY, R. *Les fonds publics allemands.* Rev. Pol. et Parl., Apr. 10, 1912. Pp. 21.

LEVY, R. *La force financière des Etats.* Rev. des Deux-Mondes, May, 1912. Pp. 32.

An examination of the commonly accepted maxim that money and wealth alone determine the outcome of wars.

LOTZ, W. *Beitrag zur Literaturgeschichte des steuerfreien Existenzminimums. Eine Bentham-studie gewidmet zu Herrn Prof. G. F. Knapps 70. Geburtstage.* Archiv f. Socialw., Mar., 1912. Pp. 7.

MASCAREL, A. *L'impôt progressif sur les successions: ses conséquences sociales.* Réf. Soc., May 1, 1912. Pp. 5.

A general condemnation of the inheritance tax, even at the moderate rates now obtaining in France.

MILDSCHUH, W. *Ueber die Wirkungen der Erwerbsteuer auf die oesterr. Kreditbanken und Vorschusskassen.* Ein Beitrag zur Steuerüberwalzungsfrage. Statsch. Monatschr., Mar., 1912. Pp. 34.

MOCHIZUKI, K. *L'état réel des finances Japonaises.* Rev. Econ. Intern., Mar., 1912. Pp. 29.

MURRAY, R. A. *I problemi fondamentali dell'economia finanziaria (Contributo alla teoria dell'equilibrio finanziario.)* Giorn. degli Econ., Mar., 1912. Pp. 47.

PAYEN, E. *Le monopole des poudres.* L'Econ. Franç., May 18, 1912. Pp. 2.

The destruction of the Liberté in the harbor of Toulon is asserted to be causing serious doubts as to the wisdom of the government monopoly of the manufacture of powder, etc.

PLEHN, C. C. *The taxation of franchises in California.* Nat. Munic. Rev., July, 1912. Pp. 18.

Outlines the history of taxation of corporate franchises in Califor-

nia, with special reference to the changes introduced in 1911, when the taxation of franchises of every kind was transferred from local to state government, assessment being made by the state board of equalization and the proceeds used for state purposes. The assessed value of franchises, exclusive of railroads, jumped from \$29,000,000 in 1910 to \$160,000,000 in 1911.

POHLMAN, A. *Taxation of land values in Germany*. Single Tax Rev., Mar.-Apr., 1912. Pp. 3.

A special number on Germany and contains translations of many articles by Germans on the single tax and other methods of land reform.

PULTZ, J. L. *Economy and efficiency in the Department of Water Supply, Gas and Electricity of New York City*. Ann. Am. Acad., May, 1912. Pp. 8.

A description of serious efforts to apply "scientific management" to a large public business.

ROY, G. *La prestation. Etude critique*. Rev. Gen. d'Admin., Apr., 1912. Pp. 24.

RUDLOFF, H. L. *Die Idee der Einkommensteuer in Frankreich*. Jahrb. f. Nat. Oek., Mar., 1912.

SANDS, H. R. and LINDARS, F. W. *Efficiency in budget making*. Ann. Am. Acad., May, 1912. Pp. 13.

Argument in favor of "standardized" "segregated," and "functionalized" municipal budgets.

STEEL-MAITLAND, A. D. *The finance of the home rule bill*. Nat. Rev., June, 1912. Pp. 17.

STOCKBRIDGE, F. P. *Single taxers*. Everybody's, Apr., 1912.

STOURM, R. *L'armature des budgets*. L'Econ. Franç., June 8, 1912. Pp. 2.

The French budget is still shielded from the assaults of excessive expenditure by the rules and regulations which have long attended its preparation and execution. The question is how long they will be able to ward off the enemy.

TANGORRA, V. *Delle pubbliche imprese e delle entrate che ne provengono*. Giorn. degli Econ., Mar., 1912. Pp. 43.

VOGEL, E. H. *Die Aufgaben der Sozialpolitik in der Steuergesetzgebung*. Archiv f. Sozialw., Mar., 1912. Pp. 41.

WILLIAMS, E. T. *Taxation in China*. Quart. Journ. Econ., May, 1912. Pp. 29.  
A timely and informing article.

WILLIAMS, T. T. *The rate of discount and the price of consols*. Journ. Royal Statist. Soc., Mar. & May, 1912. Pp. 32, 6.

XENOPOL, N. *Le budget de l'état roumain pour l'exercice 1912-1913*. Mouvement Econ., Apr., 1912. Pp. 5.

——— *The budget. Tampering with sinking funds*. Bankers Mag. (London), May, 1912. Pp. 7.

Criticism of recent liberal finance for extravagant expenditure and neglect of sinking funds.

*Classified distribution of salaries and wages of the city employees of Chicago.* Engg. News, May 2, 1912. Pp. 2.

————— *The modern English exchequer.* Accountant, Mar. 23, 30, Apr. 6, 1912. Pp. 6.

Three articles describing the workings of the English exchequer as it exists to-day.

————— *State tax on bonds and unrecorded mortgages.* Greater N. Y., May 27, 1912. Pp. 1.

Explains some important provisions of New York tax on "secured debts."

————— *Le budget de 1912.* Bull. Stat. et de Leg. Comp., Feb., 1912. Pp. 34.

————— *La commission sénatoriale et l'impôt sur le revenu.* L'Econ. Franç., May 4, 1912. Pp. 2.

————— *L'exposé des motifs du budget de 1913.* L'Econ. Franç., Apr. 27, 1912. Pp. 2.

————— *Le projet de budget pour l'exercice 1913.* Bull. de Stat. et de Leg. Comp. Apr., 1912. Pp. 45.

————— *Produits des contributions indirectes pendant l'année 1911.* Bull. Stat. et de Leg. Comp., Mar., 1912. Pp. 44.

*Statistik der württembergischen Einkommensteuer für 1910.* Württembergische Jahrbücher für Statistik und Landeskunde, Jahrgang, 1911.

An annual report begun in 1905.

## Tariffs and Reciprocity

(Abstracts by Henry R. Mussey)

GUBBINS, J. H. *Some thoughts on tariff reform.* Econ. Rev., Apr. 15, 1912.

KREUZKAM. *Die internationale Zuckerkonvention.* Jahrb. f. Nat. Oek., Mar., 1912. Pp. 6.

RIDDELL, W. R. *International trade relations and reciprocity between Canada and the United States.* Queen's Quart., Apr.-June, 1912.

A historical review of the trade relations of Canada and the United States from the treaty of 1783 to the abrogation of the reciprocity treaty in 1866.

STREVE, P. *The Anglo-Russian trade treaty of 1734.* Russian Rev., No. 2, 1912.

UNDERWOOD, O. W. *High tariff and American trade abroad.* Century, May, 1912.



WELD, L. D. H. "*Costs*" and the tariff board. Journ. Pol. Econ., May, 1912.

A reply to Professor Willis' article in the May, 1911, *Journal*. Defends the determination of costs as a basis for fixing tariff rates, and emphasizes the practical usefulness of the tariff board.

### Insurance and Pensions

(Abstracts by William F. Gephart)

ACKLAND, T. G. *Report on the estimated financial effect of amendments introduced in committee in Part II of the bill.* Journ. Inst. Actuaries, Jan., 1912. Pp. 10.

A report made to the English treasury on the financial effects of the National Insurance Act.

BISHOP, A. I. *Government regulation of insurance in Canada.* Am. Pol. Sci. Rev., May, 1912

Both the federal and the provincial governments incorporate companies, and while the federal charter confers the right to do business in all provinces yet the companies are subjected to local regulations. The business as compared with regulations in the United States is not "oversupervised." The federal law of 1910 is a result of the investigations of a Royal Commission.

BOHREN. *Das schweizerische Gesetz über die Kranken- und Unfallversicherung.* Zeitschr. f. Versicherungs-Wissenschaft, May, 1912. Pp. 7.

On account of the law of 1900 being rejected, the present law had to include some objectionable features. A monopoly of compulsory accident insurance is established but private companies are subsidized for sickness insurance. Such companies must qualify as to rates, resources and policy provisions.

BOYD, J. H. *The economic and legal basis of compulsory industrial insurance for workmen.* I. Mich. Law Rev., Mar., 1912.

BRODSKY, R. T. *Is the German industrial insurance system a failure? A reply to Dr. Friedensburg.* Survey, May 4, 1912.

Discounts the criticisms of Dr. Friedensburg against the German industrial insurance, holding that some of his criticisms were overdrawn and some of the causes for criticism have been removed since his resignation from the office of President-Administrator.

DAWSON, W. H. *German social insurance and poor relief.* Contemp. Rev., May, 1912. Pp. 5.

The original idea of compulsory insurance was to reduce the necessity for poor relief but this idea has been expanded into one of social providence and national hygiene. Owing to increase of population and its concentration and to developed social consciousness the entire system of public care of the poor has broadened and deepened.

GATY, T. E. *Evolution and revolution of liability insurance.* Am. Underwriter, Mar., 1912. Pp. 10.

An interesting description of the changes in this insurance since its

beginning in 1886. Conditions are changing so rapidly that it is almost impossible to adjust rates to meet them.

HARDY, G. F. and WYATT, F. B. *Report on the revision or extension of the original estimates, caused by changes effected in committee in Part I of the bill.* Journ. Inst. Actuaries, Jan., 1912. Pp. 25.

Explains the calculations made for the treasury of the amounts required to meet the provisions of the National Insurance Act. Numerous tables for different ages and calculations are given.

HASTINGS, H. *Dangers of state insurance.* No. Am. Rev., May, 1912. Pp. 10.

A statement of the oft repeated but not proven objections to social insurance and mere assertions of its failure wherever it has been tried.

JAHN. *Studien über Rückversicherung.* I. Zeitschr. f. Versicherungs-Wissenschaft, May, 1912. Pp. 10.

The first part of a monograph on reinsurance, discussing its meaning, nature and objects. A very detailed and complete discussion is promised.

LEPELLETIER, F. *L'Etat assureur.* Réf. Soc., May, 16, 1912.

The Italian parliament has recently made a state monopoly of the business of life insurance but the author holds that fire insurance affords a better opportunity for monopolization by the state, for "it is the most common danger to which the property and lives of all are exposed." However, the writer maintains that the state can better occupy itself than by taking up even fire insurance for the private companies are satisfactorily meeting the needs. The industry is not affected with a public interest such as the railway and moreover the danger from fire is decreasing.

MANES. *Ueber die Grenzen der Privat- und der Sozial-Versicherung.* Zeitschr. f. Versicherungs-Wissenschaft. May, 1912. Pp. 16.

The scope of obligatory insurance has been increasing so that the phrase "workers insurance" has given way to the more accurate expression "social insurance." The essential distinction between social and private insurance consists in its socio-political motive. Social insurance ought not to restrict the field of private insurance. Its cost is not, as is often stated, lower than private insurance. Some effort has been made in Germany to have the private companies act as agents for social insurance. Good risks secure better terms in private companies but poor risks must resort to social insurance. The critical point in determining boundary line between the two kinds of insurance is how large a number of these good risks which secure the benefit at a high cost must be included in order to make the insurance of a certain social class feasible. Political and governmental considerations rather than scientific ones will probably govern for a time. Social insurance may weigh heavily on industry, depending on whether the industry is one for export or for domestic production or for both. Should not the ultimate goal of social insurance be the stimulation of voluntary insurance? The article is most excellent for all students of economics.

MAY, G. E. *The investment of life assurance funds.* Journ. Inst. Actuaries, Apr., 1912. Pp. 33.

The writer compares investments of insurance funds with insuring abnormal lives. Abnormal investments like abnormal lives often yield good returns. Those companies which have spread their investments tend to show the best returns. An excellent article, based on careful investigation.

MOEBIUS. *Die Kollektiv- Unfallversicherungen der Studierenden an deutschen Universitäten.* Zeitschr. f. Versicherungs- Wissenschaft, May, 1912. Pp. 40.

In 1890 the technical high school of Stuttgart began to insure its students against accidents and at present out of thirty-six higher institutions only three are without such insurance. The terms differ but the period is usually during a semester. The range of accidents insured against differ, but all include accidents occurring in the university buildings.

POINDEXTER. *A review of the operations for the first four months of the state of Washington's workmen's compensation act.* Am. Underwriter, May, 1912. Pp. 7.

Many trivial accidents were at first reported until the commission refused to consider any which did not cause at least a loss of 5 per cent of the time for a month. Only one of the forty-eight classes of industries show a deficit in funds. This one is manufactures of powder and fireworks and in this class there was a serious disaster, causing a heavy assessment on the remaining four plants which they have refused to pay, pending a decision from the courts.

PORRITT, E. *The British national insurance act.* Pol. Sci. Quart., June, 1912. Pp. 20.

Discusses the general character and provisions of the act and its parliamentary history.

REY, E. *L'assurance agricole.* Rev. de la Prévoyance et de la Mutualité, Apr., 1912.

ROSENSTOCK. *Kommunale Arbeitslosenversicherung?* Soziale Praxis, May 16, 1912.

WEHBERG. *Zu den Gutachten über das italienische Staatsversicherungsmonopol.* Zeitschr. f. Versicherungs-Wissenschaft, May, 1912. Pp. 7.

A discussion of the opinion of a number of legal authorities of Europe as to the liability of the Italian government to indemnify foreign insurance companies owing to the monopolization of life insurance by the federal government. The author agrees, but holds that the liability rests not on principles of national law but on private international rights and trade agreements.

WEYDMANN, J. *Arbeitslosenfürsorge.* Soz. Kultur, Apr., 1912. Pp. 27.

— (Editorial) *The equitable group plan.* Life Ins. Independent, May, 1912. Pp. 6.

Describes a recent policy of this company which insures without

medical examination the employees of a large mail-order house. The employer insures them for one year's wage on the yearly renewable term plan.

————— *Great Britain's commitment to state insurance. An outline of the principal phases which will shortly become operative.* Am. Underwriters, May, 1912.

————— *The most recent results given by the agricultural insurance institutions.* Bull. Bur. Econ. & Soc. Intelligence, Mar., 1912.

Compulsory cattle insurance is in force in only one of the Belgian provinces. The society compensates for all loss due to slaughter by order of the authorities and rejection of the meat as unfit for consumption.

————— *National insurance and some allied problems.* Clare Market Rev., Feb., 1912.

————— *The national insurance act: compulsory insurance against sickness and unemployment.* Bull. Bur. Econ. & Soc. Intelligence. Mar., 1912 Pp. 113.

————— *Social insurance in Germany and the German farmer.* Bull. Bur. Econ. & Soc. Intelligence, Feb., 1912

A complete description of the extent and means by which the German farmer is insured against sickness, invalidity and accidents. In general insurance is compulsory for all receiving remuneration in money or kind for their work. The plan permits a collaboration of the old voluntary associations with the new compulsory feature. The writer holds that the plan will lay a heavy burden on the employer.

## Population and Migration

(Abstracts by William B. Bailey)

ANDREWS, J. B. *The beginning of occupational disease reports.* Journ. Am. Medical Assoc., Dec. 16, 1911. Pp. 4.

A short statement of the attempts which are being made in six American cities to determine the extent of occupational diseases.

CANCE, A. E. *The decline of the rural population in New England.* Quart. Pub. Am. Stat. Assoc., Mar., 1912. Pp. 5.

The towns in which there has been the greatest decrease of population are those which are most purely agricultural. There are five towns in western Massachusetts which reported a larger population in 1790 than at any succeeding census and of the sixty-two towns in this section, only six attained their maximum population between 1880 and 1910.

CLERGET, P. *Depopulation of rural districts in Germany.* Géographie, 24, 1911. Pp. 3.

DEMARTIAL, G. *La décroissance de la population, un palliatif.* La Grande Rev., Feb. 25, 1912.

EDMOND, J. *The birth-rate and afterwards*. Nat. Rev., June, 1912.

ELDETON, W. P. *Some recent statistical results*. Journ. Inst. Actuaries, Apr., 1912. Pp. 30.

A plea to life insurance companies to pay more attention in their premiums to the life histories and ancestry of the insured. A valuable portion of this able article is a bibliography of the most important articles along the lines of eugenics and race degeneration.

FUETER, E. *Normale Schwankungen der Natalitat*. Archiv f. Socialw., 34, 1, 1912.

GODDARD, L. H. *The rural population of Ohio: where is it increasing and decreasing? Why?* Ohio Sta. Circ., 116. Pp. 6.

HARRIS, J. A. *Assortative mating in man*. Pol. Sci. Mo., May, 1912. Pp. 17.

A scientific statistical discussion of the claims of preferential and scientific mating. The coefficient of correlation is in each case viewed in order to determine whether man in mating selects women with like qualities or with unlike qualities. The result of the investigation seems to show that they are more likely to select mates with similar qualities.

HOURLICH, I. A. *Immigration and crime*. Am. Journ. Sociol., Jan., 1912. Pp. 13.

A study of the relative increase of population and crime in New York state since 1850. The author thinks that "an increase of the percentage of the foreign born population is accompanied by a decrease of criminality, and vice versa." Either the new environment enables immigrants with criminal records to keep within the law, or the criminal classes of Europe furnish less than their quota to the number of immigrants.

KAWAKAMI, K. K. *Japanese immigration*. Oriental Rev., May, 1912. Pp. 3.

The statistics of Japanese immigration to this country for the last four years are studied and the conclusion is reached that it is better to allow the present gentleman's agreement than to attempt to deal with the matter by a law enacted by this country.

LING, B. *Causes of Chinese emigration*. Ann. Am. Acad., Jan., 1912. Pp. 6.

The peculiarities of Chinese emigration seem to be that they come from certain sections only of the Empire, go only where their fellow countrymen are to be found, and almost always expect to return home again. Only the least favored classes come as a rule. Both political and economic forces have united in causing this emigration.

MILLIS, H. A. *East Indian immigration to the Pacific coast*. Survey, June 1, 1912. Pp. 8.

Canada has practically stopped the immigration of Hindus by requiring a continuous voyage and a head tax of \$200; the United States, by a strict interpretation of the law. Most of the Hindus in this country are now in California, engaged in temporary and unskilled labor. Their labor is not highly esteemed by employers.

REYNAUD, L. *L'émigration chinoise*. Réf. Soc., Mar. 1, 1912. Pp. 8.

A study of the migrations of Chinese during the past twenty years to different sections of China and to foreign countries. Group migrations seem to have practically ceased while the migrations of individuals are increasing. The causes of these migrations appear to be largely economic. Accurate statistics are difficult to obtain, but it is probable that there are at least a million Chinese at present residing in foreign countries and the annual emigration from China amounts to at least 50,000.

THIRRING, G. *Die Bevoölkerungsentwicklung der ungarischen Städte*. Ungarische Rundschau, Apr., 1912. Pp. 21.

Apparently the first of two or more articles dealing with the growth of the population of the cities in Hungary. The enumerations during the eighteenth century were made in 1720, 1777, 1782, and 1787. In addition to the total population in the cities the distribution by religious confession and also by nationality was made. It promises to be a valuable series of articles.

————— *European and American water supplies and typhoid death rates*. Engg. News, Apr. 18, 1912. Pp. 2.

The main contention of this article is that the climate undoubtedly plays a part in the determination of the typhoid death-rate and that it is something more than chance that a large proportion of the cities in this country with an excessive death-rate from this disease are in the southern states.

————— *Immigration and employment of Polish farm labourers in France*. Bull. Bur. Econ. & Social Intelligence, Feb., 1912.

————— *The Irish congested districts board*. Progress, Apr., 1912. Pp. 79.

————— *Les maladies professionnelles*. Rev. Intern. du Com., Mar. 31, 1912. Pp. 38.

A discussion of two propositions made respectively by Breton and Laurent dealing with the indemnification which should be given to laborers for the diseases which are peculiar to certain industries.

## Housing

(Abstracts by James Ford)

ARONSON, H. *Rural housing: a lesson from Hertfordshire*. Contemp. Rev., May, 1912. Pp. 5.

States the experience of the village of Chipperfield showing that "Mr. Balfour's Housing Act (1890) failed because it was cumbersome and optional; and building cottages under it placed a burden upon the rates." "Mr. Burns' Act (1909) is succeeding because he has made his act obligatory, not optional, and by extending the period for repayment of the loan he has enabled cottages to be built without adding to the rates."

ARONSON, H. *Rural housing*. Westminster Rev., June, 1912. Pp. 8.

The British Housing Act of 1890 failed to promote rural building because its administration lay in the hands of the rural district councils. The Housing and Town Planning Act of 1909 has increased several fold the annual condemnation of unsanitary cottages and the building of municipal cottages. Still, cottages erected cannot be rented at a price which the agricultural laborer can pay and be self-supporting. In Ireland the government bears 36 per cent of the annual charge in respect to each loan obtained by a Rural District Council. The Griffith Boscawen housing bill of 1912 seeks to apply the same principle to England.

HOBSON, C. *Walkley, a fifty-year-old workingman's garden suburb.* Town Planning Rev., Apr., 1912. Pp. 7.

Describes land societies of 3000 workingmen members which developed about 292 acres in the suburbs of Sheffield. The movement does not grow because of "the exorbitant demands made by the Sheffield Corporation during recent years for road dedication."

HUBERT-VALLEROUX. *A propos de la cherté des loyers.* Réf. Soc., June 1, 1912. Pp. 8.

Finds high rents due to taxes, to high wages and short work of building trades, to municipal demolition of house property through street widening, and to the difficulties which small landlords are under in obtaining through the courts the payment of rents in arrears.

LEROY-BEAULIEU, P. *La ville de Paris et les habitations à bon marché.* l'Econ. Franç., Apr. 13, 1912. Pp. 3.

The vote of the Paris Municipal Council to borrow 200 million francs to build cheap dwellings is discredited. The whole sum should be used to house families with more than three children.

LEVETUS, A. S. *Une cité ouvrière en Autriche.* Rev. d'Econ. Polit., Mar.-Apr., 1912. Pp. 13.

Description of the "welfare institutions" of the Krupp industrial village at Berndorf.

NEWMAN, B. J. *Women's work for housing reform.* Am. City, June, 1912. Pp. 4.

MEYER, H. H. B., editor. *Check list of references on city planning.* Special Libraries, May, 1912. Pp. 62.

Compiled by the division of bibliography, Library of Congress, and the department of landscape architecture, Harvard University.

OUTHWAITE, R. L. *Battle with the slum.* Land Values, May, 1912.

Gives statistics and examples of overcrowding in Glasgow. Municipal tenement building and "ticketing" of houses does not reduce crowding. The Municipal Corporation has voted in favor of levying tax for local purposes on the valuation of land.

PEASE, E. R. *Country cottages and cabinet responsibility.* Westminster Rev., Apr., 1912. Pp. 7.

Extracts from memorial sent to Postmaster General by Postmen's

Federation urging that P. O. Department house its employees. Examples cited from the prevalent lack of sanitary dwellings in villages.

POHLE, L. *Wohnungsmarkt und Wohnungspreise in Zürich von 1896 bis 1910.* Zeitschr. f. Socialw., Jan. 3, 1912. Pp. 2.

From 1896-1900 the percentage of empty dwellings rises from 4.8 per cent to 5.6 per cent. Rents fall till 1903; then the percentage of empty dwellings declines, remaining at 0.3 per cent to 0.5 per cent till 1909. Rents rise in this second period.

SONTAR, A. S. *Some notes on the act in practise.* Town Planning Rev., Apr., 1912. Pp. 7.

Comments upon the building provisions of the Town Planning Act as operated in the parish of Ruislip-Northwood.

STRONG, H. *What kind of homes? How a chamber of commerce has helped solve the housing problem.* Am. City, Apr., 1912. Pp. 5.

Outlines what has been accomplished by the housing committee of the Cleveland Chamber of Commerce in surveying and reporting unsanitary dwellings, improving building and health laws, and reorganizing the Board of Health with a tenement house division.

————— *Extract from debates in the House of Commons on small holdings, the Housing and Town Planning Act and rural housing, the Cottage Homes for Aged Persons bill, and the Acquisition of Land bill.* Land Values, Supplement, May, 1912. Pp. 12.

————— *Decision of New York courts; definition of tenement house.* N. Y. Lab. Bull., Mar., 1912. Pp. 4.

Abstract of the Grimmer v. the Tenement House Department of the City of New York case in the supreme court and the court of appeals. An act has since been passed including apartment houses within the jurisdiction of the tenement house department.

————— *Library Bulletin No. 6 on improved housing.* Bull. N. Y. Sch. Philan., May, 1912. Pp. 3.

A selected bibliography with comments; classified geographically.

————— *Les habitations a bon marché a l'Hotel-de-Ville.* Le Monde Econ., Apr. 13, 20, 27, 1912. Pp. 12.

Opposes municipal building of tenements in Paris.

*Der internationale Hausbesitzerkongress.* Soziale Praxis, May 16, 1912. Pp. 2.

Brief abstracts of papers read at the Berlin congress of May 6-8, 1912.

————— *Die Wirkungen der kommunalen Bodenpolitik in Frankfurt a. M.* Zeitschr. f. Socialw., May 6, 1912. Pp. 2.

Extensive land ownership in Frankfurt has not reduced land prices or house rents.

————— *Das Wohnelend in Gross Berlin.* Soziale Praxis, March 7, 1912. Pp. 3.



——— *Wohnungs- und Bauwesen. Blätter f. d. ges. Sozialwis.*, Apr., 1912.  
Pp. 2.

Bibliography of housing, land question, and city planning.

### Statistics

(Abstracts by A. A. Young)

CRUM, F. S. *The records of loss of life and property on American shipping.*  
*Am. Underwriter*, Feb., 1912.

History and criticism of American statistics, which compare unfavorably with those of the British Board of Trade.

FOVILLE, A. DE. *Napoléon statisticien.* *Journ. Soc. Statist.*, Dec., 1911.

A number of interesting facts and anecdotes are brought together to indicate the importance which Napoleon attached to accurate statistical information.

FREEMANTLE, H. E. S. *The statistics of South Africa.* *Journ. Royal Stat. Soc.*,  
Feb., 1912.

The industrial instability of South Africa, its racial differences, and the governmental problems introduced with the Union necessitate the development of an adequate central statistical service, and these same facts also put difficulties in the way.

GUYOT, Y. *Des rapports de la production de l'or et des index numbers de The Economist et de Sauerbeck.* *Journ. Soc. Stat.*, Mar., 1912.

Lack of correlation between the changes in the annual production of gold and the movement of prices is taken as proving the falsity of the "quantity theory."

HEWES, A. *Marital and occupational statistics of graduates of Mount Holyoke College.* *Quart. Pubs. Am. Stat. Assoc.*, Dec., 1911.

An important investigation, based on well chosen tabulations of returns from 2,827 graduates. The tables showing age at marriage, number of children, occupations, and earnings are especially illuminating.

LAZARD, M. *Le coefficient de risque professionnel de chômage.* *Journ. Soc. Stat.*,  
Jan., 1912.

Complementary to the author's work, *Le Chômage et la Profession*. The "coefficient" is the ratio of the number of unemployed workmen in any one industry to the average for all industries. Comparisons of the results of different censuses show a high degree of constancy in these coefficients.

MACDONALD, A. *Mental ability in relation to head circumference, cephalic index, sociological condition, sex, age, and nationality.* *Quart. Pubs. Am. Stat. Assoc.*, Dec., 1911.

Based on a study of Washington school children. The results (which have been published before) deserve a more adequate analysis than is given.

MANSION, P. *La quotité de vie d'une nation comme index unique de sa situation économique et morale.* Rev. Quest. Sci., Oct., 1911.

MARCH, L. *La théorie statistique et la logique formelle à propos de l' "Introduction" de M. Yule.* Journ. Soc. Statist., Oct., 1911.

An able review of Yule's recent work, including a discussion of the bearing of Yule's "theory of attributes" and Pearson's "theory of contingency" upon some of the theorems of formal logic.

MARCH, L. *Mouvements du commerce et du crédit, mouvement ouvrier en relation avec le mouvement des prix.* Bull. Stat. Gén. de la France, Jan., 1912.

A useful compilation of statistics of railroad traffic and gross earnings, ocean navigation, foreign commerce, postal receipts, bank loans, reserves and clearings, discount rates, wages, labor unions and strikes, for the more important countries, with many diagrams.

MARCH, L. *L'influence de l'accroissement du stock monétaire sur les prix.* Journ. Soc. Stat., Mar., 1912.

In general agreement with the views of M. Guyot, noted above.

MEERWARTH, R. *Betrachtungen über Methoden und Ergebnisse der deutschen Arbeitsmarkstatistik.* Archiv. f. Sozialw., XXXIII, 3, 1911.

MENDELSON, M. *Die Entwicklungsrichtungen der deutschen Volkswirtschaft nach der neuesten deutschen Statistik.* Zeitschr. f. Sozialw. March, 1912.

A general statistical resumé.

NECCO, A. *I prezzi delle merci in Italia nel 1910* Rif. Soc., Dec., 1911

Extension into 1910 of the author's index number of Italian prices, previously given for 1881-1909. The index is based on prices of exports and of imports.

PEARSON, K. *The opsonic index "Mathematical error and functional error" (with nine diagrams).* Biometrika, July, 1911.

PISSARJEVSKY, I. DE. *Note sur le coefficient de chômage par sexe et par âge dans divers groupes professionnels.* Journ. Soc. Stat., Jan., 1912.

Although there is relatively less unemployment among women workers than among men, this statement does not hold true for all occupational groups, and the difference is more significant in some age groups than in others.

ROBINSON, L. N. *Two methods of estimating the growth of criminality in the United States.* Quart. Pubs. Am. Stat. Assoc., Dec., 1911.

Given the number of prisoners under a sentence of a stated length, the number of commitments during the preceding year can be estimated on the assumption that commitments and population have been growing in the same ratio; or given also the number of commitments during the year, an inference can be made as to whether commitments are increasing more rapidly than population.

ROULLEAU, G. *La production et les mouvements internationaux des métaux précieux au début du vingtième siècle.* Journ. Soc. Stat., Feb., 1911.

A compilation of statistics, without indication of their sources.

SERGI, G. *La pretesa influenza dell' ambiente sui caratteri fisici dell' uomo.* Riv. Ital. di Sociologia, Jan.-Feb., 1912.

In a report to the Immigration Commission, Professor Boas had held that under the influence of environment our immigrants tend toward a single physical type; notably, changes in the shape of the skull take place. Professor Sergi, limiting the detail of his criticism to the case of Jewish immigrants, concludes that "The method pursued by him is not exact and cannot justify his surprising conclusions."

VIRGILII, F. *Note sur la théorie des variations statistiques.* Journ. Soc. Stat., Jan., 1912.

An elementary exposition, with examples, of the methods of measuring the mutual dependence of two statistical series. A simple "index of variation," March's "*coefficient de dépendance*" and the correlation coefficient are compared. The author's conclusion that his results indicate the superiority of the correlation coefficient cannot be given much weight, for he uses this index in an erroneous manner.

WILSON, G. B. *A statistical review of the variations during the last twenty years in the consumption of intoxicating drinks in the United Kingdom, and in conviction for offenses connected with the intoxication.* Journ. Royal Statist. Soc., Feb., 1912.

An elaborate and careful survey (65 pp.) of available statistics. Finds a real connection between the consumption of intoxicants and the number of offenses. The amount of intoxicants consumed decreases in periods of business depression. A general decrease is observed since 1900. This essay was awarded the Statistical Society's Howard Medal for 1911.

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— *La XIII<sup>e</sup> session de l'institut international de statistique.* Bull. Stat. Gén. de la France, Jan., 1912.

Very full abstracts of the papers and reports presented at the recent meeting of the Institute at The Hague.

## NOTES

Plans have been maturing rapidly for the Fifteenth International Congress on Hygiene and Demography, which is to be held in Washington, September 23-28, on the invitation of the United States. Many countries have chosen only hygienists to represent them at the congress, so that not as many foreign demographers will attend as might be wished. Still, a number of distinguished foreign statisticians will be present. Among those who will participate in the meetings of the demographic section are M. Lucien March, Director of the General Statistics of France, Dr. Jacques Bertillon, Chief of the Bureau of Municipal Statistics, Paris, and M. Arthur Fontaine, Director of Labor, from France. From Germany, Dr. Friedrich Zahn, Director of the Bavarian Royal Statistical Office, and Dr. Eugen Wurzbürger, Director of the Royal Statistical Office of Saxony, are expected. The Nestor of German statistics, Dr. George von Mayr, will be unable to attend, but is sending a paper on "The general problems of criminal statistics, especially field and method." The illness of Dr. Arthur Newsholme and the pressure of work on the English census of 1911 at the General Register Office will probably diminish the number of British demographers who will attend. Representatives from Canada and Australia, however, are already enrolled on the program.

Among the main topics for discussion are: The development of vital statistics in the United States since 1900 and the outlook for the future, the classification of causes of death, the training of demographers here and abroad, infant mortality, criminal statistics, statistics of marriage and divorce. A joint meeting will be held on the hygiene of occupations, at which the measurement of the healthfulness of occupations will be discussed and the relation of alcohol to diseases and death.

According to the rules of the congress, English, French or German may be used in the papers and discussions, but outlines of all the papers, including those presented in foreign languages, and probably in some cases the full text of the papers will be ready for distribution when the congress opens. The printed proceedings will probably occupy several volumes and will epitomize the present position of the public health movement in the civilized countries. Any person interested in such matters may become a member of the congress and entitled to receive a report of its meetings on sending the fee of \$5 to Dr. John S. Fulton, secretary-general, whose address is Senate Annex, Washington, D. C.

THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA. In the fall of 1907, Oscar S. Straus, then Secretary of Commerce and Labor, following out a suggestion made in a report by the writer embodying the results of his observations of the workings of official and semi-official organizations for the promotion of foreign commerce in European countries,<sup>1</sup> called together a conference of representatives of chambers of commerce, boards of trade and trade organizations, which met in Washington on December 5 and 6, 1907. The object of that conference was to create an organization representative of the commercial and industrial interests of the country, which would serve as a connecting link between the Department of Commerce and Labor and the business world. It was to keep the department informed of the desires and needs of the industrial and commercial interests and in turn keep the latter in touch with the plans, activities and results of the department's efforts in the promotion of the commerce of the country.

The conference resulted in the creation of a National Council of Commerce, from which a great deal was expected but which, after about two years of precarious life, went out of existence. Its failure was due to several causes, chief among them being the fact that the constituent bodies were made up largely, if not chiefly, of commercial bodies whose interests were mainly local rather than national, and to a defect in the make-up and management of the organization in failing to provide for active, unrestrained and personal coöperation between the council and the active workers in the department, free from the usual red tape for which Washington is known.

The new Chamber of Commerce of the United States of America is the result of an attempt on the part of the Department of Commerce and Labor and a few broad-gauged leaders in the business world to try once more to create a body that would, in a way best fitted to American conditions, undertake to perform the functions so well discharged by the European chambers of commerce which form an integral part of the body politic in European countries.

The new body met in Washington, in response to a call of the President of the United States, under the auspices of the Department of Commerce and Labor, on April 22. Its make-up, through the greater predominance of organizations with broad national interests, is more promising of success. The ultimate outcome of the venture will depend

<sup>1</sup> *Promotion of Foreign Commerce in Europe and the United States*, by N. I. Stone, Department of Commerce and Labor, Washington, 1907.

on the ability of the organization to block out a line of work which shall combine efficient promotion of the commercial and industrial interests of the country through the utilization of governmental and public, though non-official, agencies, without involving the organization in participation in movements for legislative enactments which unavoidably take on a partisan political character.

N. I. STONE.

*Washington, D. C.*

The New York School of Philanthropy, in its announcement for the coming year, gives notice that, through the benefit of the full income of the endowment provided by Mr. Kennedy, a second year of residence work will be added to the program. Dr. Devine has been released from his administrative duties as secretary of the New York Charity Organization Society in order that he may give a larger amount of supervision to the School of Philanthropy.

The School for Social Workers, Boston, also announces the addition of a second year to its regular curriculum. This school will be transferred to new quarters at 18 Somerset St., where it is proposed to maintain a special social service library. By gift of the Boston Children's Aid Society a collection of 25,000 books and pamphlets, consisting largely of sets of reports of philanthropic agencies in the United States and foreign countries has been received.

Professor T. N. Carver, of Harvard University, delivered a course of lectures on rural economics during the first week in July at the Graduate Summer School of Agriculture, held at the Michigan Agricultural College. This school is run coöperatively by the various state agricultural colleges and experiment stations in alternate years. One problem which has elicited considerable discussion at these schools has been the relation of farm management to general economics. The tendency seems to be more and more to demand a fundamental training in economics as preparation for teaching the problems of farm management, just as it has long been regarded necessary to have a fundamental training in chemistry, physics, and biology for the teaching of the technical agricultural subjects.

Among the members of the board of arbitration to settle the differences between the railroads east of Chicago and their engineers are to be noted Dr. Charles P. Neill, Commissioner of Labor, Judge Knapp of the Commerce Court, Dr. Albert Shaw, Frederick N. Judson, and President Van Hise.

At the Fifth Annual Congress of Mathematicians, held at Cambridge in the latter part of August, a section was devoted to statistical economics and actuarial mathematics, under the supervision of Professors Edgeworth and Bowley.

A committee has been appointed, under public authority, to report upon the question of agricultural credit in Ireland. Among the members are Professor Bastable of Dublin University and Professor Finlay of the National University of Ireland.

Professor Taussig's article on "The Report of the Tariff Board on Wool and Woollens," published in the June number of the *REVIEW*, has been issued as a congressional document.

Henry Holt & Co. announce the preparation of *Commercial Credit*, by Professor J. E. Hagerty. Among the topics to be discussed are credit, mercantile agencies, and bankruptcy legislation.

A translation of the major part of Miss Emily G. Balch's *Our Slavic Fellow Citizens* has just appeared as "Die Slavische Einwanderung in den Vereinigten Staaten." The translation is by Dr. Stephan von Philippovich (Leipzig & Vienna: Deuticke. Pp. x, 187).

According to the eighth *Annual Report* of the state librarian of Virginia, some fifty account books of a firm of Scottish merchants located at Falmouth, Va., in the second half of the eighteenth century, have been deposited in the state library at Richmond.

The Bureau of Labor (Washington) announces that henceforth its several publications including the annual report, bimonthly bulletins, and special reports, will be issued as bulletins. These will be grouped in series to assist the reader in selecting the classes of reports in which he may be particularly interested.

M. Liesse, professor at the Conservatoire des Arts et Métiers à l'Ecole des Sciences Politiques, has been elected to membership in the French Academie de Science Morale et Politique to fill the place made vacant by the death of M. Levasseur.

The Academie de Science Morale et Politique (Paris) has awarded the Léon Faucher prize of 3000 francs to M. Joseph Barthélemy for his work on *L'Hygiène Publique au Point de Vue Economique et Social*, and has rendered an honorarium of 2400 francs to M. Gaston Jèze for his *Traité de la Science des Finances, Cours Elementaire de Sciences des Finances et de Législation Financière Française*.

There was held in Paris, May 30-31 and June 1, a celebration in honor of the seventieth birthday of the Society of Political Economy of Paris, and of the ninetieth birthday of its first president, M. Frédéric Passy. The American Economic Association was represented by Mr. Charles W. McFarlane and Professor William G. L. Taylor. A complete report of this interesting anniversary is to be found in the *Journal des Economistes* for July. M. Passy was unable to attend on account of ill health, and on July 12 his death was announced.

### *Appointments and Resignations*

Professor Spurgeon Bell has resigned his position at the University of Missouri to become the head of the department of commerce and administration in the University of Texas.

Dr. Roy G. Blakey, of Columbia University, has been appointed assistant professor of economics in Cornell University.

Professor Ernest L. Bogart, of the University of Illinois, has been advanced to the rank of professor of economics.

Professor David Taggart Clark, of Williams College, has been granted leave of absence and will spend the year in study and research work in Germany.

Professor Katharine Coman, after two years' leave of absence, will be again in charge of the department of economics at Wellesley College, in 1912-1913.

Dr. T. W. B. Crafer has been promoted to a full professorship in sociology in the University of Pittsburgh.

Professor F. S. Deibler, of Northwestern University, has been promoted to the rank of associate professor.

The appointment of Professor Garrett Droppers, of Williams College, as Orrin Sage professor of political economy has been made permanent.

Professor F. R. Fairchild of Yale, who for some years has been making a special study of forest taxation in this country and in Europe, delivered an address on the subject at the Fifth Annual Forest Conference at Bretton Woods, N. H., July 19, and will read a paper on "Some Suggestions for a Practical Plan of Forest Taxation" at the meeting of the National Tax Association in Des Moines, in September.

Professor H. P. Fairchild, of Yale University, has been engaged during part of the summer in a sociological survey of a section of New Haven, gathering information relating to the wages and living expenses of the working men of that city.



Mr. Ira G. Flocken has been promoted to an assistant professorship in accounting and industry in the University of Pittsburgh.

Mr. R. K. Forsyth has been appointed representative of the North American Civic League for Immigrants in Buffalo.

Mr. Fred H. Gilman has been appointed instructor in economics in Cornell University.

Dr. Theodore W. Glocker has been appointed acting associate professor in Washington University, St. Louis, to succeed Professor T. J. Ripley.

Professor B. H. Hibbard, of the Iowa State College, has been appointed professor of agricultural economics in the University of Wisconsin, College of Agriculture. He will devote his attention especially to the problems of marketing of farm products and coöperation among farmers.

Dr. J. T. Holdsworth, dean of the School of Economics of Pittsburgh University, has spent the summer in investigating certain educational, industrial, and municipal problems in European cities in connection with the Economic Survey of Pittsburgh upon which he has been engaged for several months. It is expected that this report will be published by the city authorities in book form in the early fall.

Mr. William Marion Hudson has been appointed instructor in economics at Clark University.

J. W. Jenks, for twenty-one years professor of economics and politics at Cornell University, has resigned to accept a position in New York University as professor of government and public administration, and director of political studies in the School of Commerce, Accounts, and Finance.

Professor E. W. Kemmerer has resigned his position as professor of economics and finance in Cornell University to accept the professorship of economics and finance at Princeton University. The appointment is on the new graduate school foundation.

Mr. Howard C. Kidd, of Columbia University, has been appointed instructor in commerce and transportation in the University of Pittsburgh.

Dr. Walter E. Lagerquist has resigned his position in Cornell University to accept an assistant professorship in Northwestern University. He will give courses in the field of corporation finance and investments both in the College of Liberal Arts and in the School of Commerce.

Mr. William E. Leonard, fellow in political economy in the Univer-

sity of Wisconsin, has been appointed instructor in economics in the University of Texas to fill the place of Mr. C. B. Austin who will be engaged in university extension work for the same institution.

Mr. O. G. Lloyd, who has for two years been a graduate student in agricultural economics in the University of Wisconsin, has received an appointment as assistant professor of farm management in the Iowa State College.

W. B. Millen has been appointed instructor in the department of history, politics and economics, in Princeton University.

Dr. E. T. Miller, of the University of Texas, recently was called before the Texas Welfare Commission to discuss the tax system of the state.

Professor Harry Alvin Millis, of Stanford University, has been appointed head of the department of economics at the University of Kansas.

Mr. E. L. Morgan has been elected to a position in the extension service of the Massachusetts Agricultural College, under which his duties will be to investigate economic, educational, and social conditions in communities which apply for his services; he will attempt, after careful study of the situation, to suggest ways of coöperation for rural betterment.

William Fielding Ogburn who for the past year has been an instructor in the department of history, politics and economics in Princeton University, goes to take charge of the work in economics and social science in Reid college, Portland, Oregon.

Dr. Samuel P. Orth has been appointed acting professor of politics in Cornell University for the first semester of 1912-1913, and Dr. W. Jett Lauck for the second semester.

Miss Leona Margaret Powell has been appointed instructor in economics at Vassar College.

Dr. Horace Secrist has resigned his position as chief statistician for the Wisconsin Industrial Commission to accept an assistant professorship in Northwestern University.

Mr. James Melbourne Shortliffe has been appointed instructor in economics at Dartmouth College.

Dr. W. S. Stevens, of the Wharton School, University of Pennsylvania, will next year give courses in insurance and business organization at the School of Commerce, Columbia University.

Mr. Frank H. Streightoff has been appointed instructor in economics at De Pauw University.

Professor H. C. Taylor, of the University of Wisconsin, is engaged in investigations on coöperative marketing in agriculture, for the Wisconsin Board of Public Affairs.

Dr. John K. Towles, of the University of Illinois, has resigned on account of ill health and will spend the winter recuperating in Oregon.

Dr. Francis D. Tyson, of the Wharton School, University of Pennsylvania, has received an appointment in the New York School of Philanthropy.

Mr. H. F. Waldradt has been promoted from an instructor to an assistant professor at the Ohio State University.

Dr. W. F. Willoughby has been appointed McCormick professor of jurisprudence in Princeton University. From 1890 to 1901 he was expert in the United States Department of Labor. In 1901 he succeeded Professor Hollander as Treasurer of Porto Rico where he continued until 1907. Thereafter he was for a time assistant director of the United States census, and more recently a member of the President's Efficiency Commission in Washington.

Governor Woodrow Wilson is, it would seem, the first member of the Economic Association to be nominated by a national convention for the presidency. Governor Wilson has been a member of the Association since 1886.

Mr. A. N. Young has been appointed instructor in economics in the Presbyterian college in South Carolina.

W. F. Gephart, F. A. McKenzie, and O. C. Lockhart, of the Ohio State University, have been promoted to the rank of professor.

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## THE DEFINITION OF PRICE

### *I. Scope and plan of study.*

The need of a clearer, more consistent, and more generally accepted terminology in economics is felt by all economists today. The selection of "price" as the first subject for terminological discussion may, however, call for justification.<sup>1</sup> It has been objected that price is a less difficult term, less in need of re-definition, than are various other concepts such as value, cost, etc. But the easiest topic in terminology is none too simple. Our definitions, which should constitute a system, seem at times to be but a snarl to be untangled, if at all, only by carefully pulling a strand at a time, beginning with the threads least immeshed. Price in all its variations of definition has to do with practical transactions in the market; it seems to be a more tangible fact, a more superficial phenomenon than such things as value and cost; it should present, therefore, fewer difficulties in definition. Yet it presents difficulties enough to call for all our patience and thought.

With the purpose of determining not only what definitions of price have been used, but also what, if any, trend of thought in the subject could be discovered, the writer consulted many texts and found some 117 definitions.<sup>2</sup> These were classified according to the following plan.

<sup>1</sup> A few of the data in this paper were informally presented by the writer, as chairman, at the round table discussion on the price concept in relation to value, in Washington, D. C., Dec. 29, 1911. See "Proceedings of the American Economic Association," *AMERICAN ECONOMIC REVIEW*, vol. II, no. I, supp., p. 89.

<sup>2</sup> The list of texts consulted includes all the general texts on economics and all the economic cyclopedias found in the Princeton and in the Columbia University libraries. Further labor would doubtless discover a number of other texts and might lead to changes in the classification of some writers, but the study has been extended enough to warrant the belief that our most important results would not be materially changed by new data. The data are taken as fairly representative, though not exhaustively statistical. No complete list

Group A. Objective-exchange-value<sup>3</sup> definitions of price in terms of value in the sense of purchasing power (including on grounds of relationship of ideas some definitions in which no mention of value appears).

Group B. Subjective-value<sup>3</sup> definitions of price in terms of value in the sense of desirability, estimation, subjective value (including cases in which value is merely said to be reflected in some degree by price, or is merely in the background of the thought).

Group C. Ratio-of-exchange definitions of price in terms of value in the sense of a mere ratio of exchange, or bare mathematical expression, or quantum. (In these descriptions the phrase "in terms of value" means as a species of the genus value, or as an expression or measure of value; see below, p. 807. In each of these groups are two varieties usually, but not always, clearly identifiable.

Variety 1. Non-monetary definitions of price, wherein price is not peculiarly connected with the money-expression, (*i.e.*, takes form in any commodity or sum of goods given and received in exchange for another thing.)

Variety 2. Monetary definitions of price, wherein price *is* peculiarly connected with the money-expression.

The combination of these two classifications gives six main kinds of definitions, hereafter referred to as types; *e.g.*, as type A1 the non-monetary objective-exchange value type; etc. Numerous small individual variations appear which elude any classification.

was kept of authors in whose writings a quotable definition was not found, but the following would be included: List, Newman, Paoletti (and many other of the older Italian writers), Pierson, Ráper, Rapet, Raymond, Rogers, Scialjo, Walras, Wieser. Many have just chanced to avoid committing themselves directly or indirectly to a definition of price, usually by employing some other phrase, such as market value, as a synonym. The definition that would have been given by some of these writers might be fairly well inferred, but I have not done this, except in a few cases as indicated in the text of this article.

At the round table discussion at Washington the distinction tentatively presented by the writer as primary was that of monetary, non-monetary, with the subheads A, B, and C, indicating the type of value definition. See "Proceedings," *AMERICAN ECONOMIC REVIEW*, vol. II, No. 1, supp., p. 89.

<sup>3</sup>The Austrian terms are followed in these cases as perhaps the most generally used now. The writer does not, however, commit himself to this terminology.

In the following tables the authors' names, grouped by the six types, are arranged chronologically, the letters indicating the language in which the author wrote; Americans (A) are, however, distinguished from English (E); the one Australian is classed with English (E); Austrians with Germans (G); French Swiss with French (F); and Italians are indicated by I. It is a lingual rather than a political classification, except that English is subdivided between English (including Scotch, Irish, and Australian) and American.

## II. Objective-exchange-value non-monetary definitions; type A1.

In presenting a list of representative definitions let us begin with that of Adam Smith, returning later to the type which was used by his predecessors and by some of his contemporaries. Smith (*Wealth of Nations*, 1776) gives no formal definition of price but implies one in these statements:

I shall endeavor to show . . . what is the real measure of this exchangeable value, or wherein consists the real price of all commodities (Routledge ed., p. 22).

The real price of everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it (p. 22).

Labor was the first price—the original purchase money etc. (p. 23).

The exchangeable value of every commodity is more frequently estimated by the quantity of money than . . . of labor, or of any other commodity (p. 24).

Every commodity, besides, is more frequently exchanged for, and therefore compared with, other commodities, than with labor. It is more natural therefore to estimate its changeable value by the quantity of some other commodity than by that of the labor which it can purchase (p. 23).

Price here means the cost of a thing either in exchange or in direct production, and may be "measured" in other commodities or in toil, trouble, labor, or money.

Smith's definition is of the non-monetary objective type, of which the following twenty-seven examples have been found, twelve English, five American, four French, and six German.

Smith	1776	E	Mill, J.	1821	E
Jakob	1809	G	McCulloch	1825	E
Ganilh	1812	F	McVickar	1825	A
Hufeland	1815	G	DeQuincy	1844	E
Malthus	1820	E	Roscher	1854	G
Torrens	1821	E	Umpfenbach	1867	G

Bowen .....	1870	A	Devas .....	1892	E
Mangoldt .....	(2d ed. 1871)	G	Cannan .....	(2d ed. 1897)	E
Cairnes .....	1874	E	Lindsay .....	1899	A
Musgrave .....	1875	E	Flux .....	1904	E
Price .....	1878	E	Pesch .....	1905	G
Walker .....	1884	A	Landry .....	1908	F
Houdard .....	1889	F	Univ. of Chicago <sup>1</sup> .....	1910	A
Molinari .....	1891	F			

Gottlieb Hufeland, professor of laws in the University of Landshut, gave exceptional attention to exact definition. His work long exercised a wide influence and he is still one of the most frequently quoted of the writers of his period. He said in his *Neue Grundlegung der Staatswirtschaftskunst* (Wien, 1815), pp. 22, 100:

"Price is a compared exchangeable value." "In an exchange one must make a comparison between the value of the goods to be given and the value of those to be received."

This indicates that the goods on either side of the exchange may be deemed to be the price of the other goods.

R. Malthus (*Political Economy*, London, 1820) well nigh goes over to a monetary concept, believing it "would certainly be better," but confesses that "it is not uncommon to speak of the price of a commodity in labor, or in other commodities" (p. 58).

A clear-cut example of this type of definition occurs in R. Torrens (*Production of Wealth*, London, 1821):

"Exchangeable value expresses the power of purchasing with respect to commodities in general; . . . price denotes the same power with respect to some particular commodity, the quantity of which is given." Examples given are "corn, or wine, or labor, or money" (p. 48).

Similar definitions were given by the English writers John Mill, J. R. McCulloch, and T. DeQuincy (1844) and then the non-monetary variety of exchange-value definition disappears from the American writings in our list until 1870 (Bowen) and from the English until 1874 (Cairnes).

J. E. Cairnes said (*Some Leading Principles of Political Economy*, 1874):

[Commodities] may rise or fall in relation to any selected one among the number; and if gold or silver be the one selected, commodities in general may rise in relation to gold or silver. The value of other commodities in relation to a commodity thus selected is called "price."

<sup>1</sup> *Outlines*, prepared by teachers in the University of Chicago.

Francis A. Walker offers a good example of this type (*Political Economy*, 1884):

Price is purchasing power expressed in terms of some one article; power-in-exchange-for-that-article, be the same wheat, or beef, or wool, or gold, or silver. In common speech the word price brings up the idea of money-value, the purchasing power of an article expressed in terms of money. Yet it is equally correct to say that the price is 75 bushels of wheat, as to say it is \$100 (p. 82).

A non-monetary (but near monetary) definition is given by Houdard (*Premiers Principes de l'Economique*, Paris, 1889):

Price is "the expression of the exchange value of a thing in units of exchange value" (p. 97). "The term price has received the meaning of the commodity given as equivalent to another. . . In most cases . . . price signifies the quantity of money necessary to acquire a good" (p. 98).

The seven last writers in the foregoing list, from Devas (1892) on (three English, two American, one French and one German), all show evidence of the influence of the newer "marginal utility" doctrine, combined with otherwise conservative views on economic theory. Pesch, the one German writer (1905), is a Jesuit priest, whose ideas evidently are taken directly from Devas, professor in the University of Dublin, and not from German sources.

### III. Objective-exchange-value monetary definitions; type A2.

The curious wording, "exchangeable value expresses the power of purchasing" which occurs in Torrens' definition, above, implies some confusion between ideas of value as a quality of things and as the concrete object in which it is expressed. Already this confusion had appeared in the identifying of purchasing power and price in Ricardo's *Political Economy* in 1817, four years before Torrens' book. Ricardo at the same time gave the first example to be found in our list of the monetary variety of the price concept. He gave in that connection no formal definition of price nor did he explicitly distinguish it from value.<sup>5</sup> He quotes Adam Smith approvingly, however, as to labor being the "real price" and "the first price." He speaks of "the natural price of wages estimated in food and necessaries,"<sup>6</sup> These expressions by themselves imply the non-monetary concept of price, but he heads section 7, of chapter 1: "Different effects from the alteration in the value of money, the medium in which price is always ex-

<sup>5</sup> McCulloch's ed., London, 1871, pp. 22-25.

<sup>6</sup> Economic Classics ed., ch. 5, p. 84.



pressed." In his essay "Proposals for an economical and secure currency," etc., 1816,<sup>7</sup> he says: "The price of a commodity is its exchangeable value in money only."

Ricardo's general usage of terms seems to be: Value means command over commodities in general, or power in exchange, while price means the amount of money for which a commodity will exchange. This concept is of the exchange-value-monetary type (A2), of which forty-three examples appear in our list, it being the most numerously represented of the six types.

There are 11 English, 15 American, 14 French, 3 Italian, and no German names.

Ricardo .....	1817	E	Perry .....	1878	A
Marcet .....	1821	E	Nazzani .....	1881	I
Senior .....	1836	E	Sidgwick .....	1883	E
Wayland .....	1837	A	Ford <sup>8</sup> (in Lalor's Ency.)	1884	A
Carey .....	1837	A	Newcomb .....	1885	A
Vethake .....	1838	A	Leroy-Beaulieu .....	1887	F
Droz .....	1846	F	Laughlin .....	1888	A
Mill, J. S. ....	1848	E	Macvane .....	1890	A
Coquelin et			Marshall .....	1890	E
Guillaumin (Dict.)...	1854	F	Prothero .....	1895	F
Courcelle-			Perin .....	1895	F
Seneuil (Dict.)....	1858	F	Foville .....	1896	F
Smith, E. P. ....	1860	A	Bullock .....	1897	A
Garnier .....	1860	F	Nicholson .....	1903	E
Boccardo .....	1861	I	Bonar .....	1903	E
Cherbuliez .....	1862	F	Seager .....	1904	A
Hearn .....	1864	E	Carver <sup>9</sup> .....	1904	A
Batie .....	1866	F	Levasscur .....	1905	F
Metz-Noblat .....	1867	F	Beauregard .....	1905	F
Walker, A. ....	1867	A	Johnson, J. F. ....	1905	A
Fawcett (Mrs.)....	1874	E	Colson .....	1907	F
Cossa .....	1875	I	Taussig .....	1911	A
Cauwès .....	1878	F			

Between Ricardo and J. S. Mill a half dozen names are found in this list, while an equal number (of those we have found) adhered in this period to the non-monetary definition as still tenable if not always preferable. When, however, J. S. Mill in 1848 added the weight of his authority, this form of definition became markedly dominant. J. S. Mill said:

<sup>7</sup> McCulloch's ed., p. 401.

<sup>8</sup> Ford grants a wider, non-monetary meaning in a state of barter.

<sup>9</sup> Carver says that the commodity in which price is expressed is "usually" called money, perhaps admitting a non-monetary meaning.

Exchange value requires to be distinguished from Price. The words Value and Price were used as synonyms by the early political economists, and are not always discriminated even by Ricardo. But the most accurate modern writers, to avoid the wasteful expenditure of two good scientific terms on a single idea, have employed price to express the value of a thing in relation to money; the quantity of money for which it will exchange. By the price of a thing, therefore, we shall henceforth understand its value in money; by the value, or exchange value of a thing, its general power of purchasing; the command which its possession gives over purchasable commodities in general. (*Political Economy*, Book 3, ch. 1, sec. 2, p. 538.)

Mill has no glimpse here of the pre-Ricardian ground of distinction between "exchangeable value" as a quality, or power, in commodities, and price as the expression of that power in terms of commodities.<sup>10</sup> Thinking, therefore, that the two words were used as synonyms "even" by Ricardo, he fixes upon the monetary expression of price as a possible distinguishing character. Yet he does not define price as the money (or amount of money) given in exchange, but as the "value" (purchasing power) expressed in terms of money. (This distinction may not be immediately obvious but it involves a real problem in terminology.) Mill leaves no special name either for the amount of money itself, or for the quantity of commodities in general, given in exchange for a thing.

The definition of P. Leroy-Beaulieu stresses the estimation of value rather than its expression (*Precis d'Econ. Pol.*, 1st ed., 1887): "When value is estimated in money it takes the name price" (p. 208).

The mathematician S. Newcomb emphasizes price as a measure of value, in preference to the terms expression or estimation, in a definition of a monetary type (*Principles*, 1885):

Price is considered as the measure of value. The price of a commodity is the number of units of money which the commodity can be exchanged for in the public market. . . . Price is the measure of value just as length is the measure of a line (p. 63).

In the French dictionary of Coquelin et Guillaumin (*Dict. de l'Econ. Pol.*, 1854) all reference to value is omitted and a mere amount-of-money definition is given. Price is "the quantity of money for which one may buy or sell a commodity" (p. 435).

Similar definitions are given by J. L. Laughlin (*Political Economy*, 1888): "Price is the amount of money for which an article may be exchanged"; by Macvane (1890): "The price of a thing

<sup>10</sup> An explanation of this oversight is given below (pp. 801-802).

means the amount of money it exchanges for"; by A. de Foville (in Say's Dict., 1896): "Price is the sum for which it is or can be exchanged"; and by Beauregard (*Elements*, 1905): Price occurs "when a thing is exchanged for money." This form of concrete definition of price, without explicit reference to value, rare among those whose value concept is objective, is found more frequently among those who hold a subjective concept, as is indicated below (p. 808).

#### IV. Subjective-value non-monetary definitions; type B1.

The list of definitions in group B begins with Beccaria (work written between 1769 and 1771 but first published in 1804). There are 28 examples of the non-monetary type as shown in the following list: 1 English, 6 American, 2 French, 4 Italian, and 15 German.

Beccaria	1769-71	I	Neumann	1885	G
Verri	1771	I	Böhm-Bawerk	1888	G
Condillac	1776	F	Pantaleoni	1889	I
Say	1803	F	Philippowich	1893	G
Lauderdale	1804	E	Zuckerkandl	1893	G
Storch	1815	G	Hadley	1896	A
Schulze	1856	G	Pareto	1896 <sup>12</sup>	I
Glaser	1858	G	Hicks	1901	A
Menger	1871	G	Patten	1902	A
Schäffle	1873	G	Kleinwächter	1902	G
Wagner	1876	G	Fetter	1904	A
Conrad	1876 <sup>11</sup>	G	Seligman	1905	A
Schmidberger	1881	G	Schumpeter	1909	G
Schober	1882	G	Anderson	1911	A

The following are a few representative definitions of this type:

C. Beccaria (in *Scrittori Classici Italiani*, vol. 18, p. 339) said: "The quantity of anything which must be given for another fixes and is called its price." In the succeeding pages discussing value and price, money is not mentioned, and wine is called the price of the grain for which it is given and vice versa. He appears in these pages to use value always in the sense of the estimation of a thing, whereas price is the object given.

J. B. Say (in *Political Economy*, 1st ed., 1803; citations from the 3d American ed.):

<sup>11</sup> Approximate date of earliest edition (undated) of his *Grundriss* (6th ed., 1907) used by many American students.

<sup>12</sup> Published in French at Lausanne.

The valuation of an object is nothing more or less than the affirmation that it is in a certain degree of comparative estimation with some other specified object; and any other object possessed of value may serve as the point of comparison (p. 235).

The only fair criterion of the value of an object is the quantity of other commodities at large that can be readily obtained for it in exchange whenever the owner wishes to part with it; and this, in all commercial dealings, and in all money valuations, is called the current price (p. 236).

The price of an article is the quantity of money it may be worth; current price, the quantity it may be sure of obtaining at the particular place . . . money-price is selected for the purpose of illustration in preference to price in commodities at large, merely for greater simplicity; but the real and ultimate object of exchange is, not money, but commodities (p. 250).<sup>13</sup>

K. Menger (in *Grundsätze*, 1871): "Prices, or in other words, the quantities of goods appearing in exchange" (p. 172).

A. Wagner (in *Grundlegung*, 1st ed., 1876, ref. to 3d ed., 1892):

The price of a good is the quantity of other goods for which it actually is exchanged . . . a good can have as many prices as there are goods for which it is exchanged . . . the money price is only one price-form, the most usual. . . . The concept of price is to be formed so generally that every equivalent in exchange whether money or something else can be brought under it (p. 339).

A. T. Hadley (in *Economics*, 1896):

A price, in the broadest sense of the word, is the quantity of one thing which is exchanged for another (p. 70). A price in the commercial sense of the word, may be defined as the quantity of money for which the right to an article or a service is exchanged (p. 72).

F. C. Hicks (in *Lectures on the Theory of Economics*, 1901):

Value when measured is expressed in terms of the measure or unit of comparison, and this expression is price. Price, then, may be defined as value expressed in terms of a measure (p. 29). The price for the horse is 50 sheep. This is the value of the horse expressed in terms of the measure sheep (p. 33).

S. N. Patten (*The Theory of Prosperity*, 1902, p. 17):

Price is the quantity of one article which must be given in ex-

<sup>13</sup> These latter statements are taken to justify our classification of Say's definition. However, in his notes to Storch, *Cours d'Econ. Pol.* (1823) he says: "It is preferable usage to call exchangeable value the quantity of all other goods that are given in exchange for what one wishes to have; and price the quantity of money that is given for the same object" (vol. 1, p. 72). This would indicate that (perhaps through Ricardian influence) Say had gone over to a monetary exchange value concept of price.

change for another . . . The price of a loaf of bread is the quantity of meat, sugar, or other articles for which it exchanges.

E. R. A. Seligman (in *Principles of Economics*, 1905) gives two definitions on the same page.

When we measure a commodity in terms of some one other commodity, we speak of price. If the value of a cow is equal to that of five sheep, we say that the price of a cow is five sheep . . . by price we now mean the money value of anything—the amount of money for which it will exchange (p. 184).

#### V. Subjective-value monetary definitions; type B2.

Of this type we have 13 cases, none English, 7 American, 2 French, and 4 German.

Kudler	1845	G	Ely	1893	A
Stein	1858	G	Devine	1898	A
Maurus	1868	G	Schmoller	1904	G
Gide	1883	F	Kemmerer	1906	A
Guyot	1884	F	Blackmar	1907	A
Clark, J. B. <sup>14</sup>	1887	A	Johnson, A. S.	1909	A
Andrews	1888	A			

The following are examples of this type:

Joseph Kudler (Professor in the University of Vienna; *Die Grundlehren der Volkswirtschaft*, 1st ed., 1845; Vienna, 1856):

By price we mean the quantity of the general medium of exchange which is asked or bid for a good (p. 76). The value of a thing depends upon the recognition of its fitness for human purposes (p. 47).

C. Gide (*Principles of Pol. Econ.*, 1st ed. 1883; 1st Eng. ed., 1892):

The price of an object . . . is its value expressed in terms of money and as in every civilized country money is the only measure of values, the word "price" has become synonymous with the word "value" (p. 82). Value is desirability (p. 44).

E. B. Andrews (*Institutes of Economics*, copyright, 1888):

When of any article the value is expressed in terms of some other, that other may be called the "value-form" of such article. The most common value-form attached to goods is money. and the money value-form is price (p. 107).

R. T. Ely (*Outlines of Economics*, coypright, 1893; ed., 1901):

Price is the expression of value in terms of money (p. 125). Value is the capacity to excite desire (p. 125).

A. S. Johnson (*Introduction to Economics*, 1909):

Value expressed in terms of money is known in economics as price (p. 35). There are personal prices and social prices just as there

<sup>14</sup> In his *Philosophy of Wealth*, p. 82. No later definition by Clark discovered.

are personal and social values . . . Social price is called market price (p. 86).

*VI. Ratio-of-exchange monetary definitions; type C2.*

Group C contains six names, and as the first of these in point of time is that of Jevons, we shall in discussing Group C reverse the order followed heretofore, and begin with the monetary type. Three examples of this have been found:

Jevons .....	1871	E
Rambaud .....	1895	F
Davenport .....	1908	A

As students of Jevons will recall, he was not a courageous terminologist, and was prone to abandon an ambiguous term instead of clarifying it. He did this in the case of value and even thought of rejecting the term money because it had no universally accepted meaning. He declares in favor of substituting for "value" the term "ratio of exchange." He could do this without fully realizing the havoc this suggestion (if adopted generally) would make, for he was an ultra-Benthamite in his psychology, and had therefore transferred most of the content of the term value to the term utility (as noted below, p. 802). Of "value" he says:

Now if there is any fact certain about value, it is that it means not an object at all, but a quality, attribute, or rather a circumstance of an object. Value implies, in fact, a relation; but, if so, it cannot possibly be some other thing. (*Theory of Political Economy*, 1871, pp. 81-82.)

The same commodities in the same market can have only one ratio of exchange, which must therefore prevail between each body and each other (*idem*, p. 113).

Jevons nowhere, so far as I can find, formally defined price and the classification of him here is based on his use of the word in a few cases where it seems to mean a ratio of exchange expressed in money. His attention seemed directed upon the idea of a ratio implicit in the quantity of goods exchanged rather than upon the quantity of goods, and he did not speak of price as the other object given in exchange.

The initial influence of Jevons in this group of six definitions warrants some further examination of his conception. Save only Gunton (where the connection, however, seems probable), the other five cases of ratio definitions are traceable, in phrase and argument, to Jevons.

Jevons was very laudably seeking for a more scientific treatment of the fundamental principles through the application of mathematics to economics. He was, however, with his great general ability, but a crude psychologist judged by present standards and, as he confessed himself, not a very profound mathematician.

When he says (see above) that value "means not an object at all, but a quality," etc., he doubtless had in mind the loose statement, not infrequently made before his time and since, that in the case of two commodities each *is* the value (*i.e.*, purchasing power) of the other (for examples see below, p. 807). No, says Jevons, very justly, value is "a quality, attribute, or rather a circumstance of an object." So far, this seems to be a more correct psychological analysis than that made by Jevons' contemporaries. He then adds: "value *implies* [our italics] in fact a *relation*; but, if so, it cannot possibly be some other thing." This he seems to think is a proof that value *is* a relation, and he thereupon defines value as *a ratio of exchange*. But to say that a quality *implies* a relation is not the same as saying that it *is* a relation (or ratio in the mathematical sense). Height and weight are qualities of objects, and each implies some relation to these commensurable qualities in other objects, but neither the relation *per se* (whatever that might be) nor its mathematical expression in units of other commensurable concrete goods, can properly be called the quality itself. No more with the (exchange) value of which Jevons was speaking.

Now each of these writers in the small group C who has been lured by the hope of finding through mathematics a more scientific treatment of price, has made this shift. The hope is not only to dematerialize purchasing power by making it mean no longer the other thing, but to despiritualize it also, so that it remains nothing but a cold mathematical expression. All qualities cease to be, except in the mathematical aspect. The concept of the quality value becomes merely a mathematical expression.

The first clear evidence of Jevons' influence upon another author's definition appears twenty-five years later. Rambaud (*Elements*, etc., Paris, 1895), while seeming not quite to catch the nature of Jevons' dissent from the conventional view, repeats his language; and makes still more explicit the definition of price as the monetary expression of a ratio of exchange (*i.e.*, of value as he used it), but adds nothing to the argument.

Value viewed in the latter aspect (objective) is what Jevons calls "ratio of exchange" . . . Whenever this "ratio of exchange" is expressed in units of money (as is customary in all society, however little civilized) it takes the name of price (p. 256).

The only other author in our list who expresses adherence to the monetary ratio-concept of price is H. J. Davenport (in his *Value and Distribution*, 1908). He questions whether

Money may be regarded as a measure of value (p. 181). Market price fails in the requirement fundamental to the notion of measurement, namely that a measure must be quantitative and must measure things of quantity. But market value is neither a magnitude nor a quantity, but only a ratio (p. 184).

The author's thought is here of value in the older objective sense, though in general he gives a psychological treatment of value. In another passage occurring later, he faces the problem of terminology directly.

In German usage, *Preis* is the generic term for the good on either side of an exchange, in its function of *quid pro quo*. If the exchange relation is one of good against the money good, the money is called the *Geld-preis*. In English usage—as goes without saying—*price* has been limited to mean exchange power expressed in terms of money solely.<sup>15</sup> Thus while on the whole the German usage may well appear to be the more philosophical, it must remain true that popularly *price* means the money that a thing will sell for, and that some term for this money relation, this expression of exchange power in terms of a conventionally specialized money commodity, is imperatively called for (pp. 218-219).

A few things are worthy of comment here: the first is the author's impression as to the uniformity of English usage. According to our count, of 61 English and American writers, 26 give non-monetary and 35, monetary definitions.<sup>16</sup>

The second is the author's suggestion that what he has seen fit to call "the German usage" "may well appear to be the more philosophical." For what can that mean other than the more

<sup>15</sup> A similar but modified impression, possibly influenced by Davenport's statement, is that of B. M. Anderson (*Social Value*, 1911, p. 175): "In most English treatises on economics . . . price as a rule involves the idea of money." But Anderson himself uses price with the wider, non-monetary meaning.

<sup>16</sup> Details are as follows: Non-monetary, twelve English and five American writers, (total seventeen) in the A group; one English and six American (total seven) in the B group; and two American in the C group; Monetary, eleven English and fifteen American in the A group, no English and seven American in the B group, and one English and one American in the C group.



scientific? In matters of science a very strong presumption must hold against the less philosophical definition.

The third is the author's implication that if the definition is not limited (that is, exclusively) to the monetary expression, our language is left without any term for this money relation. On this, see further below.<sup>17</sup>

### VII. *Ratio-of-exchange non-monetary definitions; type C1.*

We turn now to three examples in group C of the non-monetary type:

Ippoliti .....	1893	I
Gunton .....	1900	A
Fisher, I. ....	1908	A

Barone Francesco d'Ippoliti (professor of economics in Naples, *Corso d'Econ. Sociale*, Naples, 1893) somewhat eclectically says in words again recalling Jevons, but suggesting some influence from the "marginal utility" doctrine:

The relation between a useful thing and that which serves as its measure is called the price, which relation is one of value equal to another value. If the thing serving as a measure is money, then price will be the value expressed in money (p. 79). Value is a relation of equivalence between two economic quantities. It is a ratio, an equation (p. 74).

G. Gunton gives the following definition, a curious composite of older and newer ideas (*Outlines of Social Economics*, 1900):

Value and price are identical. Value and price are two names for the same thing. Both mean, simply, the ratio in which commodities including money, are exchanged for each other or for human service. . . . [J. S. Mill's distinction] is confusing and unnecessary. . . . In modern society where money is used, value and price are the same thing (p. 62).

Because of the plain statement of price as a ratio, this definition must be classed with group C; but it has only a superficial relationship with the other five definitions. The other five ratio definitions might be likened to seedling varieties of the subjective

<sup>17</sup> P. 812. Davenport's expressions on the subject of price occur somewhat incidentally in the discussion of other subjects; and should not be taken as his final judgment. It may be allowable to quote from a letter of recent date in which Davenport, referring to certain critical work, says with characteristic open-mindedness: [It] "convinces me . . . that there is a serious issue to be fought out as to the significance of the word price and its relation to value." Earlier he had expressed doubt as to the advantage of discussing the definition of price.

value doctrine; this is a branch from one of the seedlings grafted upon the old exchange value stock.

In Irving Fisher appears a writer with thorough mathematical training and at the same time with a very favorable attitude toward the subjective-value doctrine. In matters of definition, however, the mathematical interest leads Fisher to the extremest possible limit and plays havoc with the psychological concept of value, as appears in the text and later in the glossary of definitions (*Nature of Capital and Income*, 1906):

If either of the two quantities of wealth is divided by the other, the quotient is called the price of the latter. . . . In modern times one of the two articles is usually money, but this condition is not essential, and in primitive times was not even common (p. 11).

Price—a ratio of exchange (p. 335).

Money price—The quotient found by dividing the money exchanged for goods by the quantity of the goods themselves (p. 335).

The value of goods (wealth, property, services) is the product of their quantity multiplied by their price (p. 336).

It will be observed that Fisher defines not value (as did Jevons) but price, as a ratio of exchange, and shifts the word value over to a significance quite as unlike Jevons' concept, as it is unlike that of the orthodox or that of the Austrian school. Though he does not go back quite as far as does Gunton to the old identification of value and price, he leaves only a mathematical, non-qualitative distinction between them.

Another of the several remarkable things about these definitions of value and of price is the author's conscious disregard of all economic authority. Fisher does not, and evidently knows that he cannot, cite a single precedent in economic literature in support of his novel suggestion. But his appeal is to business usage as he interprets it to be. His statement is as follows:

The definition of value which has been given, applying as it does to an aggregate of wealth instead of the unit, departs somewhat from economic usage; but it follows closely the usage of business men and practical statisticians. Economists have not usually thought it necessary to distinguish between the purchasing power of the unit and the aggregate, but have employed the term "value" indiscriminately to both. . . . It seems preferable to conform our definitions of value and price as closely as possible to business usage, which instinctively and consistently applies the term "price" to the unit and value to the aggregate (p. 13).

Fisher here is comparing his concept of value with that of the

Ricardian-Mill school (purchasing-power), and not with the subjective concept. He says (pp. 14-15):

"Value" as here explained is not a subjective magnitude in the mind of man, but purely objective, as *money-value*, *wheat-value*. It has, of course, subjective causes, but these do not concern us yet.

It is apart from our main purpose to criticise in detail at this point this unique concept of value. This, however, may be said: that "value" is here turned to a use already filled. Any unit either of price or of quantity of goods, is arbitrary and must be always indicated either expressly or by implication, whenever a price is stated; as price in cents, ounces of bullion, per bushel, wagon-load, ton of grain, cotton, iron, etc. Conversely the term aggregate is an arbitrary one, and may be deemed a unit, if one please. Thus a bushel of wheat is but an aggregate of grains of wheat. Consequently the word price can be used without confusion either for the conventional unit or the aggregate of units, and nothing is gained by the innovation. On the other hand, the loss to terminology is great when the term value is taken from its subjective use in which it is indispensable, for thereby an understanding of the recent value-discussion is made hopeless. A demonstration of this is already at hand. Both this unit idea and this definition of price have been employed by A. A. Young ("Quarterly Journal of Economics," vol. XXV, pp. 409-428, May, 1911) with no hint that they lack the sanction of long and general usage. His criticism of the recent psychological treatment is made on the assumption that he is using "value" in the same sense as do the authors he is criticising.

This particular distinction has been sanctioned (not with entire consistency) by Landry (*Manuel d'Economie*, Paris, 1908) whose concept of value is, however, that of purchasing power, and whose definition is classified here as of the non-monetary exchange-value type (A1):

It would be preferable . . . to signify by "price" the value of a unit of a certain sort of goods: men do not speak of the price of a stock of goods . . . but of their value (pp. 492-493).

### VIII. Historical survey; before Adam Smith.

Let us now essay to see these details in some perspective, and if possible to find, in what may at first appear to be but a succession of personal and arbitrary opinions, some trend and explanation. Let us begin with a glance at the tendencies of thought before

the end of the eighteenth century. The Latin *pretium* bequeathed some ambiguity to its derivative price. Pretium seems to have meant either a subjective or an objective fact, that is, sometimes an estimation or appreciation, and again a thing or sum of things given in exchange.<sup>18</sup>

This variety of meanings appears in Italian still in the eighteenth century, whether with historical continuity is not clear. The word *prezzo* appears to be used interchangeably with *valore*, in the meaning of estimation, in many places (not always), in the writings contained in the *Scrittori Classici Italiani*.

In German, only the meaning of the thing given is now expressed by *Preis*, and Neumann expressly warns against the ambiguity come down from the older usage, the "*beliebte Identifizierung von Preis und Pretium*,"<sup>19</sup> that is the use of *verum rei pretium* (price) in the sense of *vera rei aestimatio* (Wert).<sup>20</sup> The psychological implication of *pretium* still appears in the English words appreciate, depreciate, and their derivatives. The mediaeval term *justum pretium* was used, it would seem, in the sense of a correct, or right, sum to be given in exchange, measured by some moral standard, more or less vaguely in mind, the true worth, perhaps sometimes the true and abiding benefit. Mere *pretium*, however (not *justum*), when used in an objective sense, seems to have meant whatever was given in exchange for a thing, and it was a just price only when it coincided in amount with that called for, or warranted by, a moral estimate.

It would seem that as the problem of price began in the minds of men to be less an ethical and more a commercial one the concept of *just price* was first displaced by that of (subjective) value, as a standard with which actual prices were compared. The standard became the intensity of desire of bidders in a market. This change appears in all of the European languages. In Italian the change seems to have been comparatively late, yet in the eighteenth century in some Italian writings *prezzo* (the thing given) had come to be contrasted with *valore* used in the now current subjective sense of the estimation or, better, of the quality.

<sup>18</sup> Dr. H. Sewall, "The Theory of Value before Adam Smith," in *Publications of the American Economic Association*, 3d series, vol. II, pp. 542-4. Dr. Sewall thinks that the Romans had an idea of price as "value in exchange," but a very vague one.

<sup>19</sup> F. J. Neumann, in Schönberg's *Handbuch*, 1st ed., 1885, vol. I, p. 174.

<sup>20</sup> *Idem*, note, and p. 171.

esteemed. Thus our three pre-Smithian examples, Beccaria, Verri, and Condillac, reflect the best usage of their time, in Italian and French, by which price and value were contrasted as objective and subjective, as thing given and quality for which given, as concrete object and as the intangible thing, esteem.

*IX. Historical survey; objective-exchange-value definitions.*

Adam Smith, more than his contemporaries, approached the question of price with a distinctively commercial interest, to explain the cause of prices in a developed market. Price apparently was understood as the object (or service) or group of objects given in exchange. Smith attempted an analysis of "the component parts of price," and without any special thought of terminology, he connected price with a concept of value as purchasing power rather than as subjective (his use-value). "Price," he said, is "the real measure of this exchangeable value." The thing given in exchange being the measure of the purchasing power, was looked upon as nearly the same as the purchasing power. Smith thus heads our list of objective-value definitions which comprise 61 per cent of our collection.

Smith's definition was of the non-monetary variety, as are all ten of the definitions dating earlier than 1817. It is in Ricardo that we have found the first clear example of the monetary kind. Even he, as we have seen (above, p. 787), at first followed Smith's lead, then later definitively turned in another direction and made price mean the *monetary* expression of "exchange-value." Just then the fortunes of the monetary and the objective-value concept became intertwined in a large measure, not merely, it would seem, because of the potent example of Ricardo's usage, but because that example but spoke the logic of the situation. When one understands by value a personal estimate (or, more exactly, a quality in goods esteemed by a person) one sees much significance in the contrast of this value with the object given or received for it. But when one gives only the objective meaning, purchasing power, to value, and then, not being interested in subtle distinctions, comes to identify that purchasing power with the thing that can be gotten in exchange for it, value and price have become synonymous, and remain so until some other distinction can be suggested. At a time when the barter economy was everywhere in England being replaced more and more by the money economy,

Ricardo as a man of "the City" knew no prices excepting those expressed as money, and in the contrast between value as purchasing power in general, and money as the particular form, expression or measure, he easily saw a new ground of distinction. Thence arose a new variety of price-definition.<sup>21</sup>

The trend of opinion in this direction became at once marked. Of our 14 examples dating from 1817 to 1847, 8 are of the monetary variety, and but 6 are non-monetary: 13 are of the objective-value group, and but one (a German) is of the subjective-value group.

Then in 1848, J. S. Mill, in so many ways the fulfillment of Ricardo, clearly expressed his opinion, as preceding objective-value theorists had implied theirs, that the only distinction to be found between value (as he used it) and price was in the monetary character of the price expression. Between 1848 and 1870 outside of German lands Mill's choice swept nearly all before it. Everyone of the 12 non-German writers of that period in our list formulates his definition of price in connection with an objective-value concept (A group), and 11 of these are of the monetary variety (Bowen, the American, being the exception, 1870). Of the 7 German writers, 3 (Roscher, Umpfenbach and Mangoldt) recognize the subjective concept of value but formulate non-monetary price definitions (A1) in connection with the objective-value concept; 2 (Schulze and Glaser) formulate non-monetary subjective-value concepts (B1); and 2 (Stein and Maurus) formulate monetary subjective-value concepts (B2).

It may seem remarkable that so important a term as value could undergo the transfer, or transformation, of meaning above traced without leaving a noticeable gap in terminology. The explanation is hardly doubtful, and is not without interest. In its verbal use the word value underwent hardly any corresponding change, and still signified, in popular and scientific speech, to esteem, to attach importance, etc. But in its substantive use the word value was

<sup>21</sup> In the Washington discussion, Professor S. N. Patten pointed out that the character of the change from a barter to a money-economy was so striking in Ricardo's time that it would easily suggest new categories and the shifting of terms. See "Proceedings," *AMERICAN ECONOMIC REVIEW*, vol. II, No. 1, supp., p. 91. It seems most probable that eighteenth century writers had used the word price in this way, but Ricardo is the first clear-cut example our study has as yet revealed of the formal limitation of price to monetary terms.

from near the end of the eighteenth century, rapidly losing, at least in economic writings, all trace of the psychological quality of exciting desire, and was coming to mean purchasing-power, power-in-exchange (objective). At the same time the place of Adam Smith's mongrel phrase, use-value was, largely through the authority of Bentham, being taken by the word utility. In turn the word utility, in philosophical and economic discussion, was shorn in large part of its earlier and fundamental meaning of benefit (independent of desire). The full account of this change would be too long a story at this place, but this it was, I venture to suggest, that made it possible for Mill and others to quite miss the significance of the earlier distinction between value and price. This it was, too, which introduced into economic discussion new ambiguities and misunderstandings, which still, in the concept of marginal utility, persist to plague even the revived form of the subjective-value doctrine, whether it comes through Gossen, or Jevons, or Menger, or Clark, or any other. This change of terminology in English seems to have been only very incompletely made in German, where the root words *Wert* and *Nutzen* were not easy to confuse.

Group A includes nearly all of the economists that can be classified as of the Smith-Ricardo-Mill school. Altogether 60 per cent of our examples are of this group (23 per cent non-monetary and 37 per cent monetary). The non-monetary line begins with Smith and ends with the University of Chicago teachers, and the monetary line begins with Ricardo and ends with Taussig. Only a few are here who are not of the fairly strict orthodox school of theory, if by that be understood the adherents to the doctrines of the exceptional nature of the law of rent, of the produced-goods-concept of capital, of the cost-of-production theory of value, etc. (Among these exceptions may be noted Carey and his disciple E. P. Smith.) There are some writers, however, who have a strong leaning toward a more psychological concept of value and by affinity might be expected to adhere to the B group, but by habit of thought or force of precedent have so expressed themselves that they must be classified in the A group. Such in the period before 1870 appear to be Hufeland, Roscher, Umpfenbach, and Mangoldt. Such after 1870 are Devas (1892), Cannan (1897), and Lindsay (in Palgrave's *Dictionary*, 1899). It may be noted also that all of these seven favor the non-monetary type of definition,

and the three later ones all evidence the influence of the subjective value discussion.

Thus in the year 1870 the Mill-Ricardian economics was, outside of German lands, thoroughly in possession of the field. In Germany also it exercised a powerful influence, even in terminology, which crosses a *Sprach-grenze* with difficulty. For sixty-five years, from 1805 to 1870, the objective-value group of price definitions had a monopoly (so far as we have found) among English, American, French and Italian writers, while claiming also 5 of the 11 German writers.

*X. Historical survey; subjective-value definitions.*

With the year 1871, which saw the publication of the notable theoretical works of Menger and of Jevons, came a new impulse. To Menger's influence can be directly traced most of the definitions of group B in our list between 1871 and 1911; to the influence of Jevons is probably due the distinctive mark of all the definitions in group C; and the influence of Jevons combined to strengthen the Austrians' appeal for a psychological concept of value, however much his terminology differed from theirs. To these influences contributed likewise the awakened interest of American students in German scholarship. Such traces of German economic thought as have reached England in the past forty years seem to have filtered through the medium of American writings, as was genially and wittily expressed by Mr. Henry Higgs, a representative of the British Economic Society at the anniversary meeting of the American Economic Association in 1909. Though the writings of Wieser and Böhm-Bawerk owed their translation into English to the Scotch economist, Smart, they have seemed to make little impression upon British economists, while deeply affecting American thought.

The non-monetary (B1) type of price definition is most characteristic of the more thoroughgoing subjective-value theorists. First in the list is a little group of two Italian names and one French, Beccaria, Verri, and Condillac, not to be taken merely as three independent opinions, but representative of the prevailing conceptions before the Smith-Ricardian era. Then in 1803 and 1804, Say and Lauderdale, akin in their doctrines on a number of points, including their sympathy with a subjective treatment of value. Then from 1805 to 1870, only three examples of the non-monetary subjective-value concept—all German. Then with Men-



ger's notable restatement of the psychological doctrine, appear between 1871 and 1911 twenty examples, including his own, of the non-monetary type of price definition (B1), besides ten of the B2 type. Menger's influence was not because of his own brief verbal definition of price, but rather because of his revitalizing of the treatment of the fundamentals in economic theory.

The monetary variety of the subjective-value group (B2), of which there are thirteen examples, appears to have been produced by a process of hybridizing. All price definitions before 1845 were either of the non-monetary subjective-value type (B1) or of one of the two objective-value types (A). The first three cases of B2 occurred between 1845 and 1858, and were all German. This suggests that the writers with a subjective-value concept (most congenial to German thought) framed their definition of price by grafting upon it the monetary idea then become general in English economics. The cases of Schmoller, Kemmerer, and A. S. Johnson are recent examples of the same tendency. All of the eight writers from Gide, in 1883, on (except Schmoller) have been largely influenced by the Austrian psychological treatment of value, Gide, Andrews, and Ely, being pioneers in their countries in this process of transplantation. At least six of the eight, however, retain strong evidences of a continuing Ricardian influence.

This group thus consists of writers who, while using words in defining price very similar to those used (*e.g.*) by J. S. Mill, have a very different psychological basis. They think of the value which is expressed as subjective not as purchasing power, and they must reject the reason assigned by J. S. Mill for adopting a monetary definition.

The place of Group C in the order of development has been made sufficiently evident in our preceding criticism of it. Jevons' well-meant effort, as students of economics know, was only accidentally terminological, and was primarily to find a sounder psychological explanation of price than that in the then current cost-of-production doctrine. The inspirational results of Jevons' work in this field are considerable, but his suggestion of a mathematical ratio-of-exchange concept seems to have been a turn into a blind lane. Jevons has found for his ratio concept of value and price not a single disciple among his own compatriots. The one French, one Italian, and three American writers who reflect his influence show individual variety and freshness of thought, but no evidence

of a price concept capable of further development. If freed from its initial confusion, this idea of Jevons' would probably lose its distinctive significance, and thereby these six definitions of price (C group) become classifiable with the other two groups.

*XI. Statistical survey and some critical comments.*

We may be helped to see the general trend by taking the statistical results of our study, without placing too much emphasis on an enumeration necessarily incomplete.

In the period before 1817 the A group shows 40 per cent of all definitions, between 1817 and 1847, 93 per cent (all but the one German); in 1848-1870, 79 per cent (the fall being due entirely to the larger proportion of German names in our list in this period); in 1871-1911, 51 per cent (the fall being due to the renaissance of the subjective concept everywhere but in England). Conversely, the B definitions constitute before 1817, 60 per cent of all, fall to 7 per cent between 1817 and 1847, and increase to 40 per cent in the period between 1871-1911 (the remaining 9 per cent being of the C group).

The correlation between the monetary and the objective value concepts since Ricardo's time appears in these figures: none of the A definitions were monetary before 1817; 1817-1847, 54 per cent of them were monetary; 1848-1870, 73 per cent; this falling to 66 per cent between 1871-1911 was because of the conflicting influences of this period as already described.

The B group was 100 per cent non-monetary until after 1848; (between 1848-1870, but one B definition appears, that being monetary); and between 1871-1911, was 66 per cent non-monetary, the fall being mostly due to the acceptance of the subjective-value concept by writers who in the main were otherwise Ricardian.

The C group which dates from 1871 on, is 50 per cent of each variety.

Thus in the past forty years while the A and B definitions appear in almost equal numbers, two thirds of the former are monetary, and two thirds of the latter are non-monetary. If all definitions be considered, there were 100 per cent non-monetary before Ricardo; this figure falling between 1817 and 1847 to 43 per cent, and after Mill and until 1870, to 32 per cent, and recovering between 1871-1911 to 49 per cent.

In all this history of price-definition there is evident an astound-

ing lack hitherto of any systematic study of the problem. The few conscious attempts at reformulation occur incidental to the discussion of other problems in which the writer's interest is absorbed. Doubtless some have given to their choice more of deliberation than is evident, but scarcely more than a half dozen seem to have considered the issues at all, either in their historical or in their logical bearings. Most of the definitions give evidence of a choice made by chance, by imitation, or by deference to authority. Those writers who depart somewhat from precedent seem in most cases to do so with entire naïveté, without a hint that their unusual definitions are anything but the universal one.

Amid such diversity of counsels who dare decide? Terminology is so essentially a matter for socialized decision, in which the individual judgment is not conclusive; in the end conclusive only is the general consensus of opinion of scholars as to the expediency in the choice of an aim and of the means of attaining it, as to the best usages and analogies of speech, and as to the logical consistency of the definition itself, in its parts and in its relations to a system of concepts. We have not the space here to restate further the general principles of terminology. This has been often and well done already. We shall, however, bear in mind those principles which may be assumed to be accepted.

The present writer confesses that these laborious researches have compelled a change in his own conviction—if the superficial consideration with which a price-definition has usually been chosen can be said to lead to a conviction worthy of the name. He finds that the problem itself does not seem to be inherently so difficult. He finds that it has been needlessly complicated with other questions, and he ventures to present some positive opinions in the hope that they may be found to contain a satisfactory solution of the problem.

### *XII. Definition without reference to value.*

Our first proposal looking toward a universal price-definition is that it should be formed without reference to the value-concept.<sup>22</sup>

"Value" it will readily be agreed, is a more ambiguous and

<sup>22</sup> This was advocated by A. A. Young and B. M. Anderson at the Washington discussion from standpoints differing as much from each other as from that of this paper. This illustrates the possibility of agreement on this proposal. See *Proceedings*, p. 91, in the AMERICAN ECONOMIC REVIEW, March, 1912, supp.

more subtle term than price. Yet a large proportion of the price definitions are framed in terms of value. Good definition should proceed from the known to the unknown, from the simple to the complex, but most price-definitions reverse this order.<sup>23</sup>

It is, however, possible even for the writers of the A2 group to frame a definition without explicit reference to value, *e. g.*: Coquelin et Guillaumin, Laughlin, De Foville, and Beauregard (see above, pp. 789-790). It might with some show of reason be suggested that logically viewed, these writers should be classified in a new group, for there is an essential distinction between a definition of price as the money (or quantity of money) itself,

<sup>23</sup> In the A2 definitions the (money) price is said to be the value of a commodity exchanged for money, by Courcelle-Seneuil, J. S. Mill (E); to measure the value, Metz-Noblat, Newcomb, Seager, Colson; to be value estimated, Marcet, Vethake, Leroy-Beaulieu, Prothero; to express value, Ricardo, Droz, Garnier, Boccardo (E), Cherbuliez, Hearn (E), Batbie, A. Walker, Cossa, Cauwès, Carey, Nazzani (E), Ford, Marshall (E), Perin, Bullock, Nicholson, Carver, Levasseur, J. F. Johnson (E); to be the notation of value, E. P. Smith; or value is said to be price when in terms of money, Carey, Bonar, Taussig (E).

But in many of the definitions of the A2 type the value is spoken of as the quantity of other goods in general given in exchange for the particular good, and with this is contrasted price, the quantity of money, as a species of value, *e.g.*: Senior, Vethake (in addition to the other expression above noted) Mill (E), Boccardo (E), Hearn (E), Nazzani (E), Macvanc, Marshall (E), J. F. Johnson (E), Taussig (E).

The writers marked (E) are equivocal in that they say both that value (or sometimes it is price) is the quantity of commodities (or of money), and that the commodities (or the money) express value.

A very similar range of expression occurs with writers of the A1 type. Price is said to measure value, A. Smith (also value to be "estimated by the quantity"), McCulloch, Musgrave, Pesch (E), Landry; to express, Jakob, Roscher, Mangoldt, F. A. Walker, Houdard, Molinari, Devas, Pesch (E), University of Chicago; to denote, Torrens; to be a compared exchangeable value, Hufeland; to be value "ratified or made effectual," DeQuincy; to be value in relation to a selected commodity, Cairnes; to be realized exchange value, Umpfenbach; or is spoken of as the same as value, "price or exchangeable value," Ganilh, McVickar. By others value is spoken of as the quantity of goods which exchanges for another good (again it is price which is spoken of in this manner, the usage which J. S. Mill sought to avoid; a clear case is presented by his father, J. Mill); Cannan (whose statement is: "The value of a commodity is always the quantity of some other commodity"), Pesch (equivocal though he distinguishes between this sense of price, "in the concrete," and the other "in the abstract"). Gide, whose value-definition is subjective, gives a flagrant example of the identifying of price and value (see above, p. 792).

and as the purchasing power (whether that be an abstract quality, or another concrete good) which the money merely expresses. Our reason for not making a separate group of these was doubt whether these writers had any conscious purpose of departing from the conventional conception held by other writers of the same doctrinal trend in nearly all respects. A juster interpretation seems to be that this omission was merely accidental, and that the complete expression of the thought of the writers would contain a reference to value after the manner of the following examples:

J. F. Johnson (1905): "Price is the amount of money a given commodity will exchange for. It expresses, therefore, the value of a commodity with respect to money" (p. 9).

F. W. Taussig (1911): "By the price of a commodity is signified the amount of money which it will command; in other words, its value in terms of the accepted medium of exchange" (vol. II, p. 117).

The first part of each of these two statements is a definition of price in concrete terms, and in this respect conforms to the desideratum we have suggested. The second part of Johnson's statement may be taken as *his* opinion regarding the relations of price to value, which one may reject while approving his price-definition; the second part of Taussig's statement is *his* alternative definition, which, however, might be rejected by one accepting the first part.

When we turn to the group of subjective-value writers the definition of price in concrete terms is much more frequent, indeed it comprises about one half of all the B group (nearly three fourths of those of the non-monetary type). A few have been tempted to involve the reference to (subjective) value with the terms of the price definition, among whom are Schaffle, Hicks, Kleinwächter, Devine, Seligman, A. S. Johnson, and the present writer. In these cases, however, presumably the statement if completed would have taken the form given it by Kleinwächter, who after defining price as the expression of exchange value<sup>24</sup> (*Lehrbuch der National Oekonomie*, 1902, p. 292) adds that to this an amendment must be made, for each of the two exchangers must deem the thing acquired more valuable than the thing given. No one holding consistently the subjective concept of value can

<sup>24</sup> Kleinwächter says exchange-value, but the context seems to justify the interpretation that it is the subjective valuation of the two parties to which he refers; he has therefore been classified with the B group.

frame a definition of price as a species of the genus value; for price as a concrete object must be contrasted (either expressly or impliedly) with a psychological estimate which only more or less roughly is reflected in the quantity and kind of that object.

It should be easy to gain agreement to the proposition that a definition of price should not involve a theory of price and of its relations to value; it should be, as far as possible, objective, and be expressed in terms of concrete experience. This, as our examples show, can be done without sacrifice of essential views and with gain in clearness by writers of all shades of opinion on value-doctrine and value-terminology. Let each, whatever be his opinions as to the component parts of price (Adam Smith's problem) or as to the way in which it and value are connected (the Austrian problem), withhold that opinion from his definition of price. Let us frame a definition of price in terms of the thing given in exchange, one of the most familiar, the most concrete, and the most simple facts in modern man's economic experience.

Something should be said here of still another modification of the price concept, by broadening it so as to include two species, personal prices and social prices. Some variety of this terminology has doubtless been employed pretty widely by teachers since the Austrian doctrine came into vogue; but it has rarely found its way into print. We have found but two clear-cut examples of it, the one by A. S. Johnson (above quoted):

There are personal and social prices just as there are personal and social values. . . . Social price is called market price.

The other example is by Kemmerer (*Money and Credit Instruments*, etc. 1st ed., 1906; 2d ed., 1909, p. 4):

Every commodity has a subjective price to the individual wanting it. In a money economy this price is the individual's subjective valuation of the commodity in terms of his subjective valuation of the money unit. S, for example, offers his horse to B for \$200. This price is purely subjective and does not of itself lead to an exchange, nor make any demand upon the circulating medium.

A few lines further the author quotes with approval a passage from Böhm-Bawerk in which he speaks of "subjective valuations" as the sole cause to which "the formation of price" is traceable. The impression given is that this subjective price *vs.* market price terminology is in accord with the Austrians' usage but this is surely not the case.<sup>25</sup> Throughout Böhm-Bawerk's treatment

<sup>25</sup> A casual examination of Wieser's use of price (*Natural Value*, pp. 39-

there is a pretty clear three-fold distinction maintained among *subjective valuations* (the original is *Wertschätzungen*) and *price*, the object or goods given, and *Wert*, the quality esteemed. Kemmerer follows a very general usage by identifying valuation and value, for he says (note, p. 4):

The words subjective value, and its derivative, subjective valuation, as used throughout this paper, refer to the quality or property of a commodity, of conditioning the gratification of want.

This use leaves a need in English terminology which he fills with the term "subjective-price" (attaching to it the monetary character); but subjective price is nothing other than (individual) valuation, or *Wertschätzung*. This may be expressed either in money or in any other good.<sup>20</sup>

66) might leave the impression that he held a price concept of the kind before us. First as to the monetary mark, for all his specific references to price are in monetary terms. In introducing his discussion (p. 39) Wieser expressly limits his inquiry:

"It is not our task here to deal either with price or with the forms of value depending on it." A few lines further, after indicating his main purpose he says: "*For this purpose* it will be sufficient to describe *that particular case* of the formation of price in which its peculiar principle can be most clearly discerned. This is at the same time the normal formation of price *under the organized division of labor*."

Another expression of Wieser's seems to come near to the phrase subjective price. In the table of contents the translator puts it "Price. Its connection with subjective use value. Taking its normal formation, we find buyers coming to market with a maximum price in their minds to which sellers try to drive them."

(I have not the German original, and such subtle differences as the one before us are often lost in the translation.) The text does not quite bear out this wording. It says (p. 40):

"A person . . . will not, however strong his desire, agree to pay any price that may be asked. There is a certain maximum at which he would rather withdraw from the market than raise his offer further. This maximum is determined by two valuations."

Nothing is said in the text of the buyers having a maximum price *in their minds*. The maximum price is spoken of as existing on the market, *at which* the buyers having *in their minds* valuations withdraw from the market. There does not appear any basis for the notion that Wieser had a price concept different from that of his master, Menger, or of his colleague and friend Böhm-Bawerk. It would require a direct disclaimer on his part to make such a view reasonable. But as Wieser gives no quotable definition, he is not included in our list of writers.

<sup>20</sup> The writer discovers an example among the exercises in his own text, the *Principles of Economics* (2d ed., 1910), p. 574, where the phrase "subjective minimum price" is used. He therefore must apply to himself the foregoing criticism upon others. It must be conceded that the popular usage of price as a bid, or offer, and again as an outside or maximum amount in an ex-changer's mind, is very tempting.

The use of the term personal prices is one of those little departures of thought which shifts the term before one is aware into a different conceptual field. In the case before us both value and price become ambiguous (*i. e.*, the old meaning persists side by side with the new) and the vocabulary instead of being enriched, is impoverished by the change. Price cannot be defined at the same time both as an actual and an estimated quantity of goods, without changing its content essentially.

### *XIII. Definition without reference to money.*

If the proposal set forth above should meet with acceptance there would remain but one issue to settle to attain a universal concept of price; the issue of the monetary *vs.* the non-monetary characteristic of the price material. Here may be greater difficulty. Our count of the definitions shows economists almost equally divided, after including with the non-monetary group a number who admit that at present price most often is expressed in terms of money, and after including with the monetary group a number who say that, in a régime or barter, price was formerly expressed in other goods (seeming to imply that so far as cases of barter occur now price may still be in other than monetary terms). These border-line opinions go far towards bridging the division. Most non-monetary terminologists see in the contrast between the psychological quality in any good sold, and the concrete good whatever it be for which it exchanges, a distinction important to maintain. Without satisfying this demand, no agreement on a price definition can be hoped for with the Austrian, the German, with a considerable number of the Italian and of the American writers, and possibly with a few of the English and of the French.

On the other hand it might seem that it would be hopeless to attempt to gain over the monetary terminologists to this view. The present adherents of the A2 and of the B2 type are alike impressed with the fact that in a very large proportion of the cases price is, in a monetary régime, expressed in terms of money; then why (think they) be concerned to make room within the concept of price for the insignificant number of cases in which some other good is given in exchange? One friend has suggested that such cases can be well-enough cared for by the term "purchasing power over" or by "value in terms of" (which carries us back to the difficulty already made clear, that the other good is not the



purchasing power, or the value). The logic of the contrast between value and price in modern psychological economics is not dependent on the number of concrete cases occurring. In Scandinavian lands probably not one time in many millions does the word man, when used, refer to other than a white man, but that is no reason for the Scandinavians narrowing the term man to exclude the black and yellow races. The word price has in practice a large number of possible applications to non-monetary goods, for barter is far from extinct, and in popular usage "the price he paid for it" includes almost everything capable of exchange. Economics should not cut itself off in even a small number of cases from popular usage, nor judge that usage solely by the developed money-market, *when this is not necessary to arrive at a logical concept.*

Other adherents of the monetary concept doubtless are appealed to by the argument as framed by Davenport, that "some term for this money relation, this expression of exchange power in terms of a conventionally specialized money commodity, is imperatively called for." But with the non-monetary concept there is no such void in our terminology as it is assumed would exist. The difficulty has no reality, for the reason that with both types of concept it is necessary to indicate in concrete terms *in every case* (expressly or by the context) the kind and quantity of goods comprising price. Monetary price must be in dollars and cents, marks and pfennigs, etc. No abstract quantitative expression of price has any meaning. The price is so many or so much—what? and for what measure? Wheat is so many cents per bushel, cloth so many pence per yard. The statement is not simplified or shortened in the least by limiting the definition of price to money. It is this necessary condition of indicating what monetary system or material is referred to that enables the adherent of the monetary definition to concede on grounds of expediency this point without any essential loss.

A greater difficulty is to gain the support of the theorists of the Ricardian-Mill school. Mill's view that the contrast between money and other goods constitutes the only distinction between price and value has left a deep impression on economic thought. But only the living economists need unite now in this decision and it is questionable whether anyone today can, after deliberation, approve the reason given by Mill. The psychological studies of

recent decades have so far entered into the general economic consciousness as to make it impossible longer to identify "the purchasing power" of a commodity with the other commodity (though the phrase may still be repeated). Those who prefer to take value primarily in its objective sense as power-in-exchange, must distinguish between the quality and the object which it purchases. And when this distinction is made by an objective-value theorist he is no longer any more bound than is a subjective-value theorist to maintain that the monetary character is essential to the price definition. Other choices lie open to him.

In practice, actual prices by the non-monetary definitions in most cases (and increasingly with the extension of the money-economy) are quoted in terms of money, but that does not necessitate framing the definitions in monetary terms, either on practical or on theoretical grounds. Every actual expression of prices, to be complete, must contain, express or implied, a specification of the "price-good." "General prices" must be in gold or in silver or in inconvertible paper, whatever has become the standard money of the time and place.

The definition of price at which we have arrived is: Price is the quantity of goods given or received in exchange for another good. We can hardly improve upon Menger's wording: "Prices are the quantities of goods appearing in exchange"; (though we might add) when viewed as payment for the goods against which they are exchanged.

It may seem to the reader that this paper has gone into needless detail and to needless length; but the writer must still regret that in hastily passing over the evidence available on minor matters, he may have left removable causes of misunderstanding. The history of this subject is so filled with examples of difficulties glossed over, that we can hardly err by proving "all things."

Our hope may be unrealized. The time may not yet have come when general agreement may be reached on an international definition of price and thus a beginning be made toward a system of scientific terminology. But this essay may at least serve to clear away some misunderstandings, make more evident the nature of the problem, and perhaps prepare the way for its solution.

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## TRANSPORTATION AND COMPETITION IN SOUTH AMERICAN MARKETS

The growth of American foreign trade, and the fact that the character of this trade is rapidly changing so as to include a much larger percentage of manufactured goods, has within the past five years strongly attracted the attention of students of export business to some of the secondary conditions by which such trade is directly affected. There has been an increasing amount of study of the terms upon which our exports are admitted to foreign markets. This was strikingly indicated during the discussion of the Payne-Aldrich tariff, with its provision for so-called maximum and minimum rates. Similar attention has been devoted to the commercial regulations, pure food legislation, and other similar enactments enforced by the nations with which our chief export business is carried on. Special effort has been made to secure the participation of American banking houses in foreign loans, particularly where such participation implies a subsequent sale of American goods to the countries in which the loan is placed. But, in all this discussion and among all the various topics relating to international competition to which attention has especially been directed, none, probably, has received more attention than that of transportation. At the same time, use has been made of this interest in foreign trade and in the conditions of transportation affecting it, to further so far as possible the ever present demand for ship subsidies and kindred subventions. In consequence of this use of the movement, there has been a considerable growth in the volume of unrelated and frequently false assertions by which the subject is surrounded. The lack of an American merchant marine has been constantly insisted upon as being in some way, not very clearly explained, the reason for an alleged lack of favorable conditions of transportation between the United States and foreign countries.

Coincident with the trend of opinion and agitation just referred to, there has been a growth of interest in the South American market. In many ways, this market offers a peculiarly favorable field for exploitation. It has large possibilities of expansion, and the trade of the United States with South America is already great, although one-sided. The dominating position of the United States in the Western Hemisphere has led many to the belief that we

might develop a commercial policy that would place us strongly in the lead as compared with other countries competing for the South American market. There has been an opinion in governmental as well as business circles that the countries to the south of us might, by diplomatic methods, be induced to give us preferential tariff rates and other advantages that we could hardly hope to get in Europe. Much nonsense about South American trade has been developed along with, in more recent times, some good sense and shrewd analysis of the different elements of the export problem. In this connection, special attention has been given to the fact that very few American vessels were engaged in the trade. Statesmen who have returned from journeys around South America have pointedly commented upon the fact that they seldom or never saw the American flag at the masthead of any vessel unless it were a ship of war or a chance yacht navigated at the whim of its owner through South or Central American waters. Taken with the partly natural and partly artificial interest in transportation as a factor in foreign trade already referred to, this close attention to the South American situation has developed a special cult having to do with the conditions of transportation between the United States and South American markets. So far has this cult been carried that, in nearly all of the ship-subsidy discussions of recent years, the last stronghold occupied by the advocates of such subsidies has been the alleged need of an American fleet in South American trade—this need being founded upon the asserted fact that our indifferent success in certain South American markets was largely, if not wholly, due to unfavorable conditions of transportation from this country to those markets.

Out of all this doubt emerges the clear question: Precisely how far does American success in trade with South America depend upon the conditions of transportation to her markets? In other words, how favorably or unfavorably is the American exporter placed in his effort to get into those markets upon terms of equality with his British, German, and other competitors? This question, of course, should be studied exclusively from the transportation point of view, if it be desired to secure a clear-cut reply. In the following discussion, it will, therefore, be assumed that transportation conditions are the only ones to be considered, tariffs, restrictive regulations of various kinds, and the like, being omitted. The inquiry will be devoted exclusively to the question

how far an American exporter having goods which may be assumed to be exactly equal in quality, price, and attractiveness to those of his foreign competitors can succeed in putting his wares into the hands of South American buyers under existing conditions of shipment.

## I

The first question to be considered in this connection will be the amount and character of the tonnage offering from American ports to those of South America. This may be dealt with first, because of the fact that it has been more discussed and disputed than any other element in the problem, because of the circumstance that it is apparently the phase of the subject upon which the most anxiety is by many persons expended, and because of the circumstance that vessel conditions, rates, etc., are less subject to control by governmental agencies than any other. All this makes the tonnage problem fundamental. It may be considered under three heads: (1) Adequacy of tonnage, (2) regularity of sailings, and (3) speed and promptness of delivery. There have been many assertions that at present the quantity of tonnage offering for trade with South America is entirely inadequate. Such assertions have been based upon the claim that vessels made triangular trips from European points to South America, thence to New York or other North American points, and so home. On their outward voyage, they would carry European manufactures; on the second leg of the trip they would carry South American products, such as coffee, to the United States; and on the return voyage they would load with American exports for Europe. These statements have been so frequently and so positively made that they are accepted by many as almost axiomatic. It must, however, be admitted that the best judges of the situation are those actually engaged in the trade and that the adequacy of the tonnage must be measured by the number and size of the vessels leaving the United States for direct voyages to South America. We may, therefore, first consider the testimony of merchants engaged in South American trade. On April 10, 1910, the following statement with reference to the adequacy of the tonnage available to South American points from the United States was prepared and signed by six American firms in New York most largely engaged in exporting to South America. The communication read as follows:<sup>1</sup>

<sup>1</sup> *Journal of Commerce and Commercial Bulletin New York City*, April 25, 1910.

A great deal has been published with reference to the trade between the United States and South America which is so misleading and erroneous that we venture to put before the public the actual facts with which we, as merchants engaged in trade between this country and the South American countries are intimately acquainted. At present there are five lines going direct to Brazil; the departures are regular, and a sufficient number of the vessels are quite as speedy as the trade will warrant. To the Argentine, seven lines are running with six to eight departures each month, and these furnish more than ample accommodations for the requirement of the trade. To both Brazil and Argentina the freight rates are below those available by our European competitors, and no cargo is shipped from this country via European ports to either Brazil or the Argentine. Northbound from both countries the freight asked to the United States is lower than to any other country . . . . .

Hard & Rand, 107 Wall St.

Crossmann & Sielcken, 90 Wall St.

G. Amsinck & Co., 7 Hanover St.

Gravenhorst & Co., 90 Wall St.

Thomsen & Co., 90 Wall St.

Allerton D. Hitch & Co., 80 South St.

These names speak for themselves. They are representative of some of the best as well as the largest concerns engaged in South American business. If their information on the subject to which they refer is not accurate, it would be hard to find any practical men of business who have such information. To this testimony, however, may fairly be added one or two other statements from authoritative sources with reference to the same question. President J. A. Farrell of the United States Steel Corporation, speaking before the Pan-American Commercial Congress at Washington, February, 1911, made the following remark:

The growth and development of trade and commerce between the United States and the countries of Latin America has now been increased to such proportions that there are frequent sailings between ports of the United States, on the Atlantic and Gulf coast, direct to the ports of Latin America on both the east and west coast.<sup>2</sup>

In a similar strain, Mr. J. F. Fowler, of W. R. Grace & Co., the well-known vessel owners, remarked:

I have been astonished to hear such frequent assertions that we lack steamship facilities to South America . . . . Any day of the business year will find thirty to forty steamers announced as loading, or about to load, for the whole range from the Amazon River down the east coast and around to the west coast of South America, and the

<sup>2</sup> *Proceedings of the Pan-American Commercial Conference, 1911, p. 22.*

freight rates are as low as and frequently much lower than those from Europe.<sup>3</sup>

This testimony may be supplemented by an actual statement of sailings from New York to South and Central American ports as follows:

April 29, 1910: *Prinz Sigismund* (M. & P.), Cartagena, etc.; *Capac*, Chile, Peru, etc.; *Queen Helena* (M.), Montevideo, etc.

April 30: *Atrato* (M. & P.), Colon, etc.; *Advance* (M. & P.), Colon, etc.; *Angus*, Montevideo, etc.; *Corrientes* (M.), Pernambuco, etc.; *Drumcondra* (M.), Montevideo, etc.; *Fenchurch* (M.), Montevideo, etc.; *Maracaibo* (M. & P.), La Guaira, etc.; *Newton Hall*, Chile, Peru, etc.; *Sibiria* (M. & P.), Colon, etc.

May 2: *Oruba* (M. & P.), Colon, etc.; *Marowijne* (M.), Paramaribo, etc.

May 3: *Wintringham* (M.), Montevideo, etc.

May 5: *Byron* (M. & P.), Rio Janeiro, etc.; *Almirante* (M. & P.), Colombia, etc.; *Altai* (M. & P.), Cartagena, etc.; *Clement* (M. & P.), Para, etc.

May 6: *Panama* (M. & P.), Colon; *P. der Nederl'n* (M. & P.), Paramaribo, etc.; *Zulia* (M. & P.), La Guaira, etc.

May 7: *Hyades* (M.), Montevideo, etc.; *P. Aug. Wil.* (M. & P.), Porto Colombia, etc.; *Philadelphia* (M. & P.), La Guaira, etc.

May 10: *Desterro* (M. & P.), Pernambuco, etc.

May 13: *P. Eitel Friedrich* (M. & P.), Colombia, etc.

May 14: *Rio Janeiro* (M. & P.), Pernambuco, etc.; *Tagus* (M. & P.), Colon, etc.

May 15: *Melderskin*, Chile, Peru, etc.; *Cuthbert* (M. & P.), Para, etc.; *Drumlanrig* (M.), Montevideo, etc.; *Gloria de Larrinaga* (M.), Montevideo, etc.; *Francis* (M. & P.), Para, etc.

May 18: *Galicia* (M. & P.), Pernambuco, etc.

May 19: *Metapan* (M. & P.), Porto Colombia, etc.; *Horatius* (M.), Montevideo, etc.

May 20: *Vasari* (M. & P.), Rio Janeiro, etc.; *Black Prince* (M. & P.), Pernambuco, etc.

May 21: *Caracas* (M. & P.), La Guaira, etc.

May 25: *Eastern Prince* (M.), Pernambuco, etc.; *Chipana*, Chile, Peru, etc.

May 26: *P. di Piemonte* (P.), Buenos Ayres, etc.

May 27: *Tocantins* (M.), Pernambuco, etc.

May 28: *Oruba* (M. & P.), Colon, etc.

May 30: *Redhill* (M.), Montevideo, etc.; *Dochra* (M.), Montevideo, etc.

May 31: *Portreath* (M.), Montevideo, etc.

June 3: *Tennyson* (M. & P.), Rio Janeiro, etc.

June 5: *Cearense* (M.), Para, etc.

June 11: *Trent* (M. & P.), Colon, etc.

<sup>3</sup> *Ibid.*, p. 182.

June 14: *Minas Gereas* (M. & P.), Pernambuco, etc.

June 15: *Francis* (M. & P.), Para, etc.

June 25: *Purus* (M.), Pernambuco, etc.

June 30: *Foxton Hall*, Chile, Peru, etc.

Barber and Co. of New York City give the following as a representative month's sailing in 1911 to the Argentine alone:

Dec.		Registered Tonnage	Estimated Tons Cargo
	1 Alton.....	3536	5500
	3 Storstad .....	5978	12594
	4 Drumeldric .....	1630	8087
	6 Tintoretto .....	1181	7500
	6 Coniston Water .....	3738	6200
	14 Chinese Prince .....	4834	5985
	15 Kathlecn .....	3908	7000
	15 Drumcliff .....	4072	7480
	17 Foxton Hall .....	4247	2149
	18 Pilar de Larrinaga .....	1136	7630
	18 Ikala .....	4322	7800
	19 Voltaire .....	8106	7300
	21 Herminius .....	3548	5600
	24 Thode Fagelund .....	4352	6535
	24 Aymeric .....	4363	7023

## II

Granting that the amount of tonnage offering from New York to South American ports and back again is considered adequate by those who are engaged in the business, and should therefore be satisfactory to others, so far as its mere amount is concerned, a second question may be raised. This is: Are the rates between New York and other American ports and South America sufficiently low to be reasonable; and are they charged in an equitable and legitimate manner? In answering this question it will be assumed that a "reasonably low" rate is a rate that corresponds to the general or average rate obtaining between South American ports and export points which are situated somewhat similarly, as to distance, etc., to those of the United States. Attention may first be given to the general level of rates and their reasonableness. The following statement showing comparative freight rates from various European and American points to Pernambuco and Rio de Janeiro, Brazil, prepared by Mr. Allerton D. Hitch of New York (a large exporter), from data personally compiled by him, exhibits the comparative position of shippers at those ports with



reference to certain important commodities which constitute a large percentage of Brazilian import business.

FREIGHT RATES TO PERNAMBUCO PREPAID, INCLUDING LIGHTERAGE, AT  
DESTINATION. [May 19, 1910]

	Trieste	Hamburg	Liverpool	New York	Lighterage
Flour in barrels, freight per 215 pounds.	\$0.7137	\$0.6435	\$0.5854	\$0 4640	40 cents and 6.4 cents lighterage.
Flour in sacks, freight per 98 pounds	.8253	.2933	.2070	.2070	17 5 cents and 8 2 cents lighterage
Kerosene in cases, freight per case (10 gallons).		.4272	.3887	1680	13 cents and 3 8 cents lighterage.
Cement in barrels, freight per ton (2,240 pounds).		6.2980		4.89	\$4 and 89 cents lighterage.
Barbed wire in reels, freight per ton (2,240 pounds).		5 3630		5 00	Lighterage included.
Rosin in barrels, freight per 230 pounds.			1 3725	.6350	47 5 cents and 16 cents lighterage.
Hardware and sundries, freight per cubic foot.		31		.24	Lighterage included.
Turpentine in cases, freight per case (10 gallons).			.5614	.50	Do.

FREIGHT RATES TO RIO DE JANEIRO PREPAID, INCLUDING LIGHTERAGE AT  
DESTINATION. [May 19, 1910]

	Hamburg	Liverpool		Lighterage
Flour in barrels, freight per 215 pounds		\$0 7025	\$0 544	40 cents and 14.4 cents lighterage
Flour in sacks, freight per 98 pounds.		.3204	.24	17 5 cents and 7.2 cents lighterage
Kerosene in cases, freight per case 10 gallons	\$0.4758	.4319	.204	14 cents and 6.4 cents lighterage.
Cement in barrels, freight per 2,240 pounds	6.298		5 44	\$4 and \$1.44 lighterage.
Rosin in barrels, freight per 230 pounds.		1.5250	.619	47 5 cents and 14.4 cents lighterage.
Sundries, freight per cubic foot	.374		.24	Lighterage included.
Barbed wire in reels, freight per 2,240 pounds	6.034		5.00	Do
Turpentine in cases, freight per case 10 gallons		6046		Do

From this statement it is seen that at the date when the computation was made (and conditions are now substantially similar relatively speaking to what they were at that time, although the general level of all freights is much higher), New York exporters were in a more favorable position than those at Trieste, Hamburg or Liverpool, with respect to flour, kerosene, cement, barbed wire, rosin, hardware, and turpentine, in the trade with Pernambuco. In the trade with Rio de Janeiro, the New York exporters were better off as to flour, kerosene, cement, rosin, sundries, barbed wire, and turpentine. These rates represent substantially the

general condition of affairs in trade with South America. The simple fact in the case is that, owing to the large demand of the United States for South American products and the considerable quantity of direct tonnage needed to convey such goods from South American ports to the United States, it is possible to make a very reasonable return rate or export rate on goods going from the United States to the South American ports. Not only are the existing rates thus low as compared with those charged from European export points to South America but they are also low absolutely. The testimony both of those engaged in the carrying trade between the United States and South America, and of men shipping goods in that trade, is on this point identical, and is to the effect that the rates between the United States and South America have at many times during the past few years been as low as they could practically go if the vessels were to continue in business. The uniform testimony of exporters and shippers furnished to the congressional committee investigating the charges of improper influence in behalf of subsidies in Congress<sup>4</sup> was to the effect that freight rates lower than then existed would drive many vessels out of business, that there was an enormous amount of tonnage offering to South American ports, that the amount of freight available to occupy this tonnage was almost always inadequate, and that nothing more in the way of reasonable freight rates could be desired by shippers if they desired to see the steamship business maintained upon a living basis. Since that time there has been a large advance in rates but relative conditions have not changed.

The other side of the freight rate question—whether or not preferences and rebates are allowed by vessels engaged in the South American business in order to develop the trade of certain concerns—has also received a good deal of attention. It is admitted that there exists between various steamship lines and shippers a standard agreement whereby a rebate of 10 per cent on coffee shipments is to be made by such lines to firms or individuals who for a complete period of twelve months have continuously shipped their consignments by the same line or lines. It is also conceded that this contract or rebate system is open on the same terms to all shippers who desire to take advantage of it and merely operates as a general reduced rate affecting all shippers equally, provided

<sup>4</sup> *H. R. Report*, No. 2297, 61 Cong., 3 Sess., pp. 664, etc.

they live up to the same terms and conditions. A copy of the form of agreement in force two years ago and substantially representing the conditions at the present time is given in a note below :<sup>5</sup>

<sup>5</sup> *Memorandum of agreement between Messrs. ———— (hereinafter called the "Shippers"), and the Royal Mail Steam Packet Company, Hamburg Sudamerikanische Dampfschiffahrts-Gesellschaft, Hamburg-Amerika Linie, Norddeutscher Lloyd, Lamport & Holt, Prince Line (Ld.), (hereinafter called the "Lines"), whereby it is agreed as follows:*

1. That subject to the conditions hereinafter expressed the Lines will pay a rebate of 10 per cent on the freight on coffee shipped from Rio de Janeiro and Victoria by their respective steamers to the ports of Antwerp, Amsterdam, Rotterdam, Copenhagen, and the Rivers Weser and Elbe, and to ports in the United States of America, during the year beginning 1st September, 1909, and ending 31st August, 1910, and thereafter year by year until further notice.

The rebate to be paid to the shippers will be computed every twelve months say, up to 31st August in each year, and be payable three months afterwards, but only if they have confined their shipments to Antwerp, Amsterdam, Rotterdam, Copenhagen, and the Rivers Weser and Elbe and Copenhagen, and to ports in the United States, to the Lines.

No rebate will be paid on sample lots nor on additional freight charged for delivery at post-terminal destinations of goods shipped on through or optional bills of lading.

A statement of rebate claim must be made on a form as annexed and presented within three months after the 31st August to the agents of the line which has carried the shipments in respect of which the rebate is claimed.

2. That the freight to Europe shall not be more than five shillings sterling and five per cent primage per ton in excess of that at which coffee can be shipped and actually received at the time in question by outside steamers, with a minimum rate of twenty-five shillings and five per cent primage.

3. That the rate to the United States shall not be more than 10 cents and 5 per cent primage per bag in excess of that at which coffee can be shipped and actually received at the time in question by outside steamers, with a minimum rate of thirty cents and five per cent primage.

4. That no exporter shall be allowed more favorable conditions than another.

5. That fourteen days' notice will be given of any increase in the rate of freight, and the tonnage required by the shippers will be supplied at the lower rate at the time notice is given to the extent of tonnage available by the ships of the Lines loading within fourteen days from the date of notice.

6. In case the Lines fail to supply the available tonnage required at the above rates of freight by their own or chartered steamers within a reasonable time, say fourteen days from the date of request, or if their current rate be not in accordance with what is stipulated in clauses 2 and 3 of this agreement, the shipper shall be at liberty to charter or ship in an outside vessel or vessels, or a part or parts thereof, without prejudice to their right to rebate under this agreement. In case of the shippers deciding to charter outside tonnage upon the grounds that the rate of freight charged by the Lines be

Beyond this general 10 per cent reduction in freight rates based on continuous patronage of a single line, it does not appear that there is any preference or discrimination between shippers. All those who have been examined before congressional committees within recent years have positively asserted that they had no complaint of the sort to make, but that, on the contrary, the rates were uniform so far as they were aware. The same testimony has been given under oath by representatives of all of the principal steamship lines operating between this country and South America, and no evidence of any kind or description has ever been produced to establish the contrary. That there are variations in rates from time to time, both upward and downward, and that there is occasionally more or less competitive underbidding is generally admitted. But, in none of the investigations held within the past few

at any particular time more than 5/ and 5 per cent per ton and 10 cents and 5 per cent per bag, respectively, in excess of the rates of freight at which coffee could be shipped in quantity at the time, quoted by outside steamers, then the shippers shall produce to the agents of the Lines in Brazil, at the time of such outside chartering, evidence as to the latter rate of freight. It is understood and agreed that the shippers will not offer, directly or indirectly, any chartered tonnage of theirs to other shippers at a lower rate of freight than their own charter rate.

7. Until further notice any shipments by steamers of the National Brazilian Line, under the Brazilian flag, to the United States, and of the Koninklijke Hollandsche Lloyd to Amsterdam, at not under the rates of freight and conditions of the Lines will not prejudice the shippers' claims to rebate.

8. All disputes arising upon this agreement shall be referred to arbitration in London under the terms of the Arbitration Act, 1889. In any such arbitration all protests, certificates of brokers, surveys and other mercantile documents shall be admitted in evidence for what they are worth

Dated ————, 1909.

CLAIM FOR REBATE.

RIO DE JANEIRO, VICTORIA, 31st August, 1910

Messrs. ————

We beg to give below a list of the shipments of coffee we have made by the steamers of your line from 1st September, 1909, until 31st August, 1910, on the freight on which we are entitled to a rebate of — per cent, in accordance with the memorandum of agreement signed by us.

We hereby declare that during the period named above we have not been interested, directly or indirectly, either as principals or agents, in other shipments of coffee from Rio de Janeiro or Victoria to the ports of Antwerp, Amsterdam, Rotterdam, Copenhagen and the rivers Weser and Elbe or to ports in the United States of America, by any steamers other than those of

years by members of the House of Representatives, has there been even a colorable case presented in behalf of the claim that discriminating rates designed to favor foreign countries, or to favor American agencies of foreign firms, or to favor one set of American firms above another actually existed. So far as can be ascertained, therefore, it may be taken as satisfactorily established that rates to South America and from South American ports to the United States are upon a satisfactory basis in so far as the absence of discriminations and preferences can make them so.

In connection with this question of rebates it seems proper to call attention to the fact that proceedings are now pending in the United States District Court for the Southern District of New York, in which the United States appears as petitioner against the Prince line, the Hamburg-Amerikanische Packetfahrt Aktien-Gesellschaft, and the Hamburg-Südamerikanische Dampfschiff-fahrts-Gesellschaft and others. These lines connect New York with Brazilian ports and New Orleans with the same, while the Hamburg lines connect New York with Brazil and German ports with Brazil. The petition filed by Henry A. Wise, United States Attorney for the Southern District of New York, on behalf of the government, asserts the existence of a traffic agreement between

The Royal Mail Steam Packet Company, The Hamburg Südamerikanische Dampfschiffahrts-Gesellschaft, the Hamburg-Amerika Linie, the Nord-deutscher Lloyd, Messrs. Lamport & Holt, or the Prince Line (Ltd.).

(Signature must be that of the firm or of a person duly authorized to sign for the firm.)

(Signature of shippers;) \_\_\_\_\_

(Address;) \_\_\_\_\_.

This claim will be valid only if presented within three months from this date.

N. B.—These particulars must accord with the bills of lading of the shipments.

Date of shipment	Steamer	Destination	Marks	Freight, including primage	Per cent rebate

Shipments at not under conference rates of freight and conditions, to the United States of America by steamers of the National Brazilian Line, under the Brazilian flag, and to Amsterdam by steamers of the Koninklijke Nederlandsche Lloyd, will not invalidate claims for rebate.

the concerns named, wherein the government charges are found covenants for the following purposes:

(a) For fixing the total number of sailings and apportioning them among the said lines;

(b) For the withdrawal of the steamships of the Hamburg Lines then engaged in the traffic from Brazilian ports to the port of New Orleans and that the defendant proprietors of the Lamport & Holt Line should conduct all such traffic;

(c) For a system of rebates to shippers who confined their shipments to the lines of the defendants and lines which any of the defendants might be in combination;

(d) For tariff of rates for the carriage of freight in the trade and commerce aforesaid and be adhered to by each of the lines.

This pooling agreement was terminated in 1908 but another of similar character is alleged to be in existence at the present time.

Moreover, it is asserted in the petition referred to that the steamship lines:

Established schedules of dates for the sailings of the vessels of said lines, whereby dates have been arbitrarily fixed upon which the vessels of each of said lines should be permitted to sail to the United States from Brazil and from Brazil to the United States, and after such conferences the action there taken has been communicated to each, all and every one of the defendants; and said defendants and all of them have thereafter so conducted their respective business and affairs as to conform to and carry into operation the plans and schemes adopted at such conferences, and said defendant proprietors and their representatives have at said conferences used divers other means in furtherance of said combination and conspiracy.

It will be observed that the two principal points made in this bill of complaint are: (1) An agreement between the lines as to the distribution of sailings in regard to time; and (2) the establishment of a rebate or bonus system in favor of those who send all their freight over these lines. The companies have never contended that there was no arrangement among them as to the distribution of sailings, that being necessary as a matter of trade practice in order to secure an even distribution of tonnage and freight, and being in no way necessarily an evil to the shipper but in many respects a decided benefit. As for the rebate system, no secret has ever been made with respect to that, but every shipper has been informed that rebates upon the terms already sketched above were open to him. This subject has been dealt with in the foregoing discussion. The rebates, as already stated, have involved no discrimination between shippers. The government has not yet

proved its case against the steamship companies, but even if it had fully done so, it does not appear that there would be anything therein to show either the charging of excessive rates or the application of unreasonable or improper treatment to the goods of shippers. That shippers do not feel that they have been improperly treated in any of these respects is shown by the evidence already cited with reference to their expressions of opinion regarding the conditions of transportation between the United States and South American ports, and by much more to the same purpose easily accessible to any one who chooses to investigate further. It is undoubtedly the feeling of shipping interests, that the government's suit is chiefly intended to show vigor in the enforcement of the Sherman anti-trust law, and is primarily technical rather than founded upon any actual developments in regard to the infliction of hardship upon shippers of American goods. It need not, therefore, so far as any evidence now available is concerned, be considered to have a very direct bearing upon the questions considered in the current discussion of the transportation question in its relation to South American trade.

### III

A third problem relating to the trade between the United States and South America has to do with the question of directness and speed of communication. Two current assertions are afloat with respect to the South American situation: (1) That much mail and passenger traffic is obliged to go by way of Europe; and (2) that that portion of the business which is carried direct between North and South American ports is subject to lengthy delays which interfere seriously with business and which place the merchant engaged in the export trade at a very serious disadvantage. This also is a question of fact which can be settled by stating the exact conditions obtaining in the business and the attitude of those dependent upon steamship communication toward existing arrangements. The belief that it is necessary to go to Europe in order to obtain a satisfactory passage for South America, or that under ordinary circumstances it is desirable or customary to send mail via Europe, may as well be laid aside. The facts in the case show that the most important business letters are now sent direct to South American points from New York. As one of the largest firms doing business with Brazil told the committee of the House of Representatives investigating ship subsidies in 1911:

We write by the direct steamers . . . . and only write by way of Europe to send duplicates; or, in case it so happens that we want to get something off just after . . . . some . . . . direct steamer has sailed. That, however, is very seldom. . . . It takes about six or seven days longer to get to Rio and Pernambuco where our principal business is . . . .

While it is admitted that in case an intending traveler should take one of the fastest steamers from the United States to Europe and should successfully make a close connection with a fast steamer for a South American point, quicker time could be made than by taking a direct steamer from the United States to the same South American point, this would be true only under very exceptional circumstances, so that as a matter of fact the great majority of the passengers bound for ports in Brazil and the Argentine now go direct. While, moreover, it is admitted that the steamships plying between New York and South American ports are far from being as good as the best of those between the United States and Europe, and are probably inferior to the best of those plying between South American and European points, they are pronounced entirely satisfactory by those who have been in the habit of using them and who have also had experience with the other vessels referred to. About 21 days are now required under favorable conditions for the delivery of a letter from Buenos Ayres to New York and vice versa, while from 27 to 31 days are necessary in case the letter is mailed via Europe. The best of the steamers running between New York and Brazilian points make from 14 to 16 knots per hour on the average—on the whole an adequate speed considering the volume of traffic, and one which satisfies the postal requirements of the United States government. Abundance of testimony on all these points is now available, and every statement just made can be fully substantiated by the repeated testimony of the exporters, importers, and travelers who are engaged in business operations involving the United States and practically every one of the South American countries. To review it would be a tiresome iteration of the same facts in slightly differing language. It is a remarkable but unquestionable circumstance that so simple and familiar a condition of affairs should require the presentation of extensive sworn testimony. That such testimony has been offered, that it has been presented by responsible men of unquestionable authority and standing in the export trade of the United States, and that it is now available to anyone who cares to investi-



gate the subject in absolutely authentic and unimpeachable form are all matters of record. The fact, whether agreeable or the reverse, should be accepted as such by those who are interested in the study of the practical conditions affecting the transportation of goods and passengers between the United States and South America. The truth is that faster time can be made between the United States and South American ports by the direct route than by any route via Europe, and that the accommodations, while not the finest known upon the ocean, are of a satisfactory type and as good as those provided for an equal volume of traffic in other parts of the world. It should be noted, moreover, that very excessive emphasis has been laid upon the question of letter communication between North and South America. All urgent orders, under the present reduced scale of charges, are transmitted by cable, and on important matters there is little disposition to rely upon the mails whether fast or slow, except for the purpose of conveying advices for whose delivery time is not a very important factor.

#### IV

Attention may now be given to the relation between railroad rates and the delivery of commodities. It is an obvious fact that where commodities originate in the interior of the United States or of some competing country an important element in the cost of delivering them at an interior South American point may be the rail rate to points of shipment. If, therefore, discrimination is allowed in favor of export goods, it may be possible for countries sending such goods abroad to give to their exporters an advantage in a competitive market as compared with American exporters entering the same market upon otherwise equal terms. The whole question in such cases is whether the low rail rate accorded by the country which is most to be feared by our exporters is lower than the corresponding rate which must be paid by our own exporters situated in the interior.

The two countries which we have found most active in their competition with us in South American markets are Germany and Great Britain. Rail rates in Great Britain are considerably less important as a factor in export costs than are corresponding rates in Germany. This is partly because many of England's chief manufacturing export centers are close to the seacoast, if not directly situated thereon. Germany must, therefore, be taken as

the country whose discriminations and preferences should be most anxiously regarded by American shippers. There is a well-developed policy in favor of low export rates over German railways. Exactly how this operates and the extent to which it is carried may be exemplified in the following brief table compiled by the American consulate general at Berlin and published in the report of the National Waterways Commission.

EXPORT RATES PER TON (2,204.6 POUNDS), ON SEVERAL CLASSES OF GOODS ON GERMAN RAILWAYS, IN CARLOAD LOTS OF 10 TONS.

From	To	Distance miles	Class of goods	Export rate dollars	Normal rate dollars
Cologne	Hamburg	267 2	Copper goods, lead in blocks, tubes	3 14	6.38
"	"	267.2	Zinc in sheets, etc.	3.17	4 88
"	"	267 2	Cotton goods	3.64	6 88
"	"	267 2	Machinery and machine parts, ironwares	2.52	4.86
"	"	267 2	Iron plates, locomotives, etc.	1 33	3.83
Frankfurt	"	330 6	Machines and ironwares	3 07	6.00
"	Bremen	285 2	"	2.69	5.21
"	Lubeck	358.5	"	3 31	6.47
"	Hamburg	330 6	Iron products, such as beams, etc.	1.67	4.71
"	Bremen	285.2	"	1.45	4.12
"	Lubeck	358 5	"	1 79	5.09
Nuremberg	Hamburg	394.6	Thuringian wares, toys, etc.	5.83	9.33
"	Bremen	362.3	"	5 45	8.66
"	Lubeck	405 1	"	6 02	9.64

The same subject has been investigated by the British consul general at Frankfurt in a report on "Specially reduced rates on through tariffs for export." From that document it is found that:

Special and very considerable facilities are offered for goods consigned on German railways to German ports for export, which are carried on a further reduced scale styled "export tariff," which represents a very considerable reduction upon Tariffs I, II, and III referred to. In some cases similar export tariffs operate when the destination is not a German port, as, for instance, when it is intended to assist the sale of a German commodity in competition with a foreign product, such as the carriage of coal to Switzerland and France. The greatest benefit, however, is offered by the through tariff to a number of foreign markets—carriage by rail plus ocean transportation—*viz.*, the German Levant tariff via Hamburg or by the Atlas Line via Bremen; the Southern German Levant tariff via Trieste; and the German East African tariff via Hamburg. These rates not only enable the manufacturer to ship more cheaply than if compelled to send by rail to port, and from port by regular or stray opportunity, with the uncertain charges for transportation from rail to boat, which are included in the through tariffs, but it greatly facilitates his calcu-

lations in offering goods abroad when orders may be gained by promptness in making quotations.<sup>6</sup>

While in the United States very low export rates have been made by American railroads from time to time, the system has not reached the extensive development that has been given to it in

\*The following is an example of the rates charged under the different tariffs; iron rails being taken in two quantities, and Frankfurt being taken as the point of departure; the distance from Frankfurt to Hamburg is 311 miles, and the rates given are per 100 miles (220 pounds):

Quantities in metric tons.	Hamburg		Hamburg seaport in transit		Through tariffs total freight	
	At port	Intransit	For European non-German port	For non-European port	Frankfurt to Constantinople	Frankfurt to Durban
	Cents	Cents	Cents	Cents	Cents	Cents
5 to 10	66.2	66.2			50 9	96 5
10 or more.	47.1	37.8	37.8	23 3	49 0	94 7

As a further instance, the following figures are given for the carriage of the same goods from Königsberg to Hamburg (524 miles):

Quantities in metric tons	Hamburg		Through tariffs	
	At port	In transit	Königsberg to Constantinople	Königsberg to Durban
5 to 10	\$1 033	\$1 033	\$0 611	\$1.092
10 or more	.891	897	.581	1 061

From the foregoing tables it is seen that 100 kilos (220 pounds), unit rate for sending a quantity of rails, varying from 5 to 10 metric tons, can be sent cheaper from Frankfurt and Königsberg to Constantinople via Hamburg than from those places to Hamburg only.

It is to be noted that the longer the German railway journey under the through tariff the greater becomes the difference between the cost of carriage to port and the total cost of carriage abroad. For instance, the cost of carriage per 220 pounds, in 5-ton lots, is as follows:

Frankfurt to Hamburg, 66.2 cents; Frankfurt to Constantinople via Hamburg, 50.9 cents; difference in favor of Constantinople, 5.3 cents.

Königsberg to Hamburg, \$1.033; Königsberg to Constantinople via Hamburg, 61.1 cents; difference in favor of Constantinople 42.2 cents.

For anybody acquainted with German commerce there can be no doubt that a great part of its foreign success is due to the low freight charges for German manufacturers to foreign markets.

Germany. With a privately-owned system of railways, it has been considered dangerous to give the full latitude in the matter of low export rates that has been accorded abroad. As was said by the Interstate Commerce Commission in its report of February 5, 1904, in the matter of the publication and filing of tariffs on export and import traffic:

If it [the railroad] is compelled to publish an inland differential, it must accord that rate to any one who offers merchandise for transportation . . . . It may, to be sure, publish a through joint rate, and may use its own steamers exclusively in carrying under this rate but in that event it must publish the joint rate and rest therefore under the disadvantage of not being able to vary it as occasion requires. Upon the other hand . . . . if the railway line has power to prefer its own steamship to other transportation, to carry to the seaboard for a much lower charge in one case than in the other, this must result in discouraging the development of independent lines to the Pacific coast. The ocean carrying trade to and from those ports must unavoidably become concentrated in those lines having satisfactory rail connections. If now these several lines agree among themselves upon rates from inland points to foreign destinations in exactly the same way that the transcontinental lines themselves have today agreed as to rates between inland points, there would result a condition of monopoly producing much higher through rates than as though the inland carriers were compelled to afford inland service upon the same terms, however the traffic might move by water.

It is impossible, of course, in any general way to specify exactly how competitive conditions on a given shipment would work out unless the nature of such shipment and the place of its origin were exactly known. It may fairly be stated, however, that the export rates of Germany are undoubtedly so arranged as to give German shippers to South American markets some advantage over exporters in this country. The point is not a very important one for the reason that the land portion of the transportation rates is, in the case of a great many commodities, only a small proportion of the transportation cost, while the transportation cost is itself only a percentage of the total value of the goods at the point of delivery, usually a small percentage in the case of the more highly valued articles, although an important consideration in the case of heavy articles such as hardware, iron and steel, and the like. At all events, the practice of foreign countries in this regard is entirely outside the control of the United States, and the question whether in this country we should be disposed to favor exporters by putting an indirect tax upon domestic consumers is not likely

to be answered in the affirmative, inasmuch as the railroads themselves must decide the question, and, as we have seen, are hampered by the general provisions of our legislation against discriminatory rates. On the whole, the point is one that does not call for any very serious consideration. A fair study of foreign trade conditions must inevitably lead to the conclusion that foreign business which must be bought by giving away goods at unreasonably low returns is not worth having.

The effect of railroad rates upon competition in South American markets may also be studied from another standpoint. It is evident that discriminations by South American roads in favor of goods coming from a certain country would put other countries at a disadvantage to the extent that they were shipped into the interior of such a country, and in the proportion that they were dependent upon cheap transportation for their sale. This fact has led to continuous scrutiny of the policy of South American railroads with a view to making sure that no such discriminations were practiced in favor of goods originating in foreign countries. Within recent months, there have been charges that discriminations of this kind were being practiced by South American roads, the mechanism of the scheme being furnished by rate agreements between such roads on the one hand and German and other steamship companies upon the other. The subject is involved in considerable obscurity. All knowledge of such agreements has been denied by the Bureau of Manufactures of the Department of Commerce and Labor, the Bureau of Foreign Trade Relations of the State Department, the Pan-American Union, which keeps a close watch upon South American trade conditions and other governmental agencies, and by leading firms and steamship lines engaged in South American trade. Whatever discriminations there may be, are effectually covered up as through rates from points in Germany to points in the interior of South America. The subject is now under investigation by the House Committee on Merchant Marine and Fisheries but thus far without result.

## V

From this review of the transportation problem in its bearing upon South American trade, the conclusion is drawn that little or no evidence exists to show that the United States, in its effort to gain admission to South American markets, is subject to any

serious discrimination in steamship rates; or to any discrimination whatever when distance and other conditions of competition are considered. As has been seen, ocean rates between the United States and South American ports are relatively low while tonnage is abundant, sailings numerous, and the general condition of transportation fully as good as the volume of traffic warrants. It is undoubtedly true that other countries enjoy better communication with South America than do we; and that larger, faster, and more frequent vessels are on the runs between English and German ports on the one hand and those of South America on the other. There is, however, nothing whatever to show that such conditions are the result of efforts to discriminate against the United States, but that the conditions of communication are the direct and unmistakable outcome of the conditions and volume of trade existing between the various countries which participate in the commerce. On the ocean, as on land, it is a fact that traffic begets traffic, and satisfactory accommodation begets more and more satisfactory accommodation. As the volume of freight becomes larger and better distributed, it is more and more possible to equalize rates and distribute tonnage. The essential question is, therefore, the development of the conditions that give rise to trade, and the production of goods at a low cost and in a form that makes them demanded by consumers in South America. The improvement of the transportation facilities within recent years shows conclusively that it is entirely possible to develop communication with South America by natural means, and without government subventions.

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*Washington, D. C.*

## THE IMPATIENCE THEORY OF INTEREST

The re-presentation of Professor Irving Fisher's "Impatience Theory of Interest" in his *Elementary Principles of Economics*<sup>1</sup> is significant for several reasons. On the one hand, it indicates not only that the author still believes this theory to be logically complete and satisfactory but also that he deems it to be so firmly established among accepted economic principles as to be entitled to a prominent place in a book which "does not attempt . . . to introduce controversial matter,"<sup>2</sup> and which is designed for undergraduate instruction. On the other hand, the attempt to present the theory in elementary form inevitably exposes it more than ever to adverse criticism. The formidable array of rigid mathematical "proofs"<sup>3</sup> with which it was accompanied in his *Rate of Interest*<sup>4</sup> could not but be awe-inspiring, even when not convincing, to economists less accustomed to the use of mathematical symbols and modes of expression. To the extent that the latest formulation is clothed in a language that all may follow and understand, its merits and demerits stand out the more clearly and unmistakably. While this simplifies the task of the critic, the fact that a thinker of Fisher's acuteness adheres to his explanation shows criticism to be still important.

Professor Fisher's "Impatience Theory of Interest" is Professor von Böhm-Bawerk's "Discount Theory," with two highly important modifications. Fisher denies the validity of the distinction between land and capital (that is, "produced means to further production") and refuses to admit that what Böhm-Bawerk calls the "technical superiority of present over future goods" and what other writers have characterized more briefly as "the productivity of capital" has any influence on the comparison between present gratifications and future gratifications in which, as he believes, the complete and final explanation of interest is to be sought.

<sup>1</sup> The Macmillan Company, 1912. Two editions of this book were privately printed for experimental use before the final form now made public was decided upon.

<sup>2</sup> *Ibid.*, Preface, p. vii.

<sup>3</sup> For example the "Mathematical Refutation of Böhm-Bawerk's Claim as to Ground of Preference for Present over Future Investment of Labor" in the appendix to ch. 4 of *The Rate of Interest*, p. 354. Böhm-Bawerk pays his compliments to this unfortunate "refutation" in his usual trenchant manner in the latest edition of his *Positive Theorie des Kapitals*, pp. 361-381.

<sup>4</sup> The Macmillan Company, 1907.

For Fisher there is no logical ground for distinguishing between wealth that is capital and wealth that is not capital. Capital is any stock of wealth existing at a given instant of time.<sup>5</sup> It thus includes land as a gift of nature as well as the produced means to further production, to which other writers limit the conception. It also includes durable consumption goods. Finally, it includes the world's workers themselves since their powers and capacities are a part of the world's wealth. No definition of capital less broad than this, in Fisher's opinion, can furnish an adequate basis for the discussion of the problem of interest.

Starting from this all-inclusive conception of capital he finds that "the essence of interest is impatience, the desire to obtain gratifications earlier than we can get them, the preference for present over future goods."<sup>6</sup> This he considers "a fundamental attribute of human nature," and "as long as it exists," he maintains, "so long will there be a rate of interest." The degree of preference or the "rate of impatience" varies with different individuals and under different circumstances. His detailed explanation of the rate of interest consists in enumerating the causes of these variations and analyzing the process by which individual preference rates combine to determine the current rate in the manifold forms in which this appears and reappears in organized industrial society.

What are the sources of this "fundamental attribute of human nature"? Fisher finds them, on the one hand, in "personal characteristics of individuals" and, on the other, in characteristics of the incomes of individuals. The important personal characteristics are: (1) foresight, (2) self-control, (3) habit, (4) expectation of life, (5) love of posterity. Short-sighted, weak-willed persons, who are accustomed to spend, have not long to live, and are without heirs, have high impatience rates. On the other hand, far-sighted, self-controlled persons, who are accustomed to save, who look forward to long lives, and have children for whom to provide, have low impatience rates. But these high or low rates will be further modified by the expected incomes or "income streams" of persons of these diverse types. Their incomes may differ in amount, in distribution in time, and in certainty. In general, the larger and

<sup>5</sup> *Principles*, p. 38 et seq.; *Capital and Income*, ch. 4.

<sup>6</sup> *Principles*, p. 371. Most of the important elements in his explanation are contained in chs. 20-24 of his *Principles* and chs. 6-11 of his *Rate of Interest*.



the more certain the income the lower the impatience rate. But expected variations in the amount of the income will also have their influence. An income that is expected to contract in the future makes for a lower impatience rate; an income that is expanding, for a higher impatience rate. From these elements, each of which is explained and illustrated at some length, the diverse impatience rates of different individuals are said to be derived. The combination and interaction of these rates effected through borrowing and lending, spending and investing, establish the general impatience rate which we commonly term the rate of interest.

Most, if not all, of the considerations that enter into this analysis have been made familiar by other writers as factors bearing on the interest problem. Not to go farther, in my own discussion of the circumstances influencing the accumulation of capital in my *Introduction to Economics* I mention eight such factors: (1) provision for present and future needs ("amount of income"), (2) uncertainty of the future ("expectation of life" and "certainty of income"), (3) deficiency in imagination ("lack of foresight"), (4) lack of will-power ("self-control"), (5) desire to provide for old age and for the family ("expectation of life" and "love of posterity"), (6) desire for power, (7) desire for interest, (8) ambition for business success. I thus included all of Fisher's factors except "habit," which like most other writers I took for granted, and "distribution of income in time," about which I shall have something to say later. It is not, then, the factors which Fisher makes prominent as the causes of interest that distinguish his theory from other theories, but rather his method of presenting these factors and his denial of the pertinence of that other factor, the "technical superiority of present over future goods" or the "productivity of capital," which to other writers has seemed all important.

The most striking fact about his method of presenting his factors is that he dissociates his discussion completely from any account of the production of wealth. From a perusal of his *Rate of Interest* and of all but the very last chapters of his *Elementary Principles* (chapters which come *after* his discussion of the interest problem), the reader might easily get the impression that becoming rich is a purely psychological process. It seems to be assumed that income streams, like mountain brooks, gush spontaneously from nature's hillsides and that the determination of the rate of interest

depends entirely upon the mental reactions of those who are so fortunate as to receive them. While minute attention is given to the influence of the size, distribution in time, and certainty of income streams, practically nothing is said of the *why* of these income streams. The whole productive process, without which men would have no income streams to manipulate, is ignored, or, as the author would probably say, taken for granted. From Fisher's point of view this procedure is perfectly legitimate. He believes the determination of interest to be a psychological process and like Böhm-Bawerk he feels under obligation to bring in from the business world only the factors that influence preference rates. The all-important difference is that Böhm-Bawerk, with shrewd insight into the mental processes of business men, recognizes one of the important factors to be "the technical superiority of present over future goods" and, in order to give this its due weight, feels constrained to explain at length the important role which capital plays in production. By so doing Böhm-Bawerk renders the difference between his theory and the so-called productivity theory, when correctly stated, a difference mainly of terminology and emphasis. By denying the importance of the productivity aspect of capital, Fisher, on the other hand, has freed himself from the necessity of saying anything about the part capital plays in production. As a result we have an explanation of distribution as completely divorced from the explanation of production, as though incomes "just grew" and that was all there was for the interest theorist to say about them.

It would require much more than a single article to indicate all of the points in Fisher's explanation to which I cannot assent and the reasons for my disagreement. Böhm-Bawerk has devoted some fifty pages of the new edition of his *Positive Theorie*<sup>7</sup> to an attempt to demonstrate the irrelevance and inconclusiveness of one of Fisher's criticisms of his own explanation—that is, the importance he ascribes to the technical superiority of present over future goods. To attempt to answer all of Fisher's criticisms of other theories and at the same time to show the inadequacy and incompleteness of his theory, would necessitate a stout volume. There are certain aspects of the matter, however, that I believe can be made clear without venturing very far into the technicalities of a

<sup>7</sup> *Positive Theorie des Kapitals*, Dritte Auflage, 1912, Exkurs XII.

really adequate discussion and it is to these alone that I shall address myself.

The interest-determining factors which Fisher makes prominent affect personal rates of discount or "impatience rates," as he is careful to point out, quite unequally. Nevertheless he describes impatience for present gratifications as a "fundamental attribute of human nature" and in his *Rate of Interest* goes so far as to assert that<sup>8</sup> "the rate of interest in terms of money can never be negative." Neither of these positions seems to me to be well taken and for reasons that will serve very well to introduce more difficult aspects of the problem. Fisher says that a negative rate of money interest is impossible "because money possesses durability and may be hoarded without loss."<sup>9</sup> Granted; but is it not also true that money cannot be hoarded without trouble, expense, or risk, and that these are as effective causes of loss as would be the physical deterioration of the coins hoarded? So far as the abstract question is concerned his *a priori* argument against a negative rate is quite inconclusive. But how about the concrete question? Is it conceivable that people would ever be willing to pay a premium for having present resources made available for the gratification of their future needs? From the point of view of the psychology of valuation it seems to me entirely conceivable. Certainly many individuals are so well provided with present means of gratification and so solicitous to make adequate provision for the future that they would gladly, *if this were the only way*, pay something to have a part of the superfluous wealth of the present made available to gratify future wants. In practice it is never, or almost never, necessary to accept negative interest, but why? Is it because the persons with a high impatience rate so largely predominate over those with a low impatience rate? Yes and no. Yes, because the chief source of the impatience for present income is the desire of business men for capital to use productively. Appreciation of the "technical superiority of present over future goods" is the circumstance that makes far-sighted, self-controlled persons with assured large incomes (who in Fisher's analysis are represented as savers and *lenders*), savers, to be sure, but also *borrowers*. It is their demand for the savings of others for use in business enterprises that causes the balance always to be on the side of a positive rate of interest.

<sup>8</sup> P. 93.

<sup>9</sup> *Rate of Interest*, p. 93.

And to prove that this is the case, it seems to me necessary only to isolate the factors which Fisher makes prominent by assuming this technical superiority of present over future goods to be miraculously absent. Suppose that the roundabout, capital-requiring method of production were *not* the more productive and that the determination of whether present goods should be preferred over future goods depended simply on the factors which Fisher enumerates. Would there be any conclusive ground under these circumstances for maintaining that preference for present gratifications is a "fundamental attribute of human nature"? With the best of will I can see none. It goes without saying that many people, with little foresight or self-control, would still be willing to exchange their prospect of future income for present gratifications. But even among poor people there are many with foresight enough and self-control enough to hoard from their scant incomes for the rainy day—witness the coin hoardings of the French peasantry which not only afford no positive return in interest but involve trouble, expense, and risk! Among people with larger incomes, some saving for the future, for old age, for children, for the social esteem, power, and influence which possessions give, would be the rule.

The aspect of the matter which Fisher seems to me strangely to overlook is the very limited borrowing power of the class of persons whose high impatience rates, according to his analysis, result in a substantial positive rate of interest. This comes out strikingly in connection with the assumptions which he makes and the conclusions which he draws from these assumptions in the development of the "First Approximation" in his *Rate of Interest* (ch. 7), which he repeats without material change in his *Elementary Principles*. His argument runs as follows:<sup>10</sup>

For the moment let us assume a perfect market, in which the element of risk is entirely lacking, both with respect to the certainty of the expected income-streams belonging to the different individuals, and with respect to the certainty of repayment of loans. In other words, we assume that all individuals are initially possessed of foreknown income-streams, and are free to exchange any parts of them, that is any present or immediate income for any future or remote income. Prior to such exchange, the income-stream is supposed to be fixed in size and distribution in time; that is, the capital instruments which the individual possesses are each supposed to be capable of only a single definite series of benefits contributing to his income-stream.

<sup>10</sup> *Principles*, pp. 389 and 390.

Under these hypothetical conditions, the rates of impatience for different individuals would become perfectly equalized.

For if any particular individual has a rate of impatience above the market rate, he will sell some of his surplus future income to obtain (*i. e.*, "borrow") an addition to his present meager income. This will have the effect of decreasing the desirability of his present income and increasing the desirability of the remaining future income. The process will continue until the rate of impatience of this individual is equal to the rate of interest. In other words, a person whose impatience rate exceeds the current rate of interest will borrow up to the point at which the two rates will be equal. Reversely, a man who, with a given income-stream, has a rate of impatience below the market rate, will sell (*i. e.*, "lend") some of his abundant present income to eke out the future, the effect being to increase his rate of impatience until it also harmonizes with the rate of interest.

Is the conclusion that under these conditions "the rates of impatience for different individuals would become perfectly equalized" justified? Clearly yes, as regards individuals whose rates are lower than the current rate of interest. They will continue to lend until the pressure of immediate needs, which even the veriest miser cannot entirely escape, will cause their impatience rates to correspond to the rate of interest. But what of those with high impatience rates—short-sighted, weak-willed persons, who are accustomed to spend, have no children to provide for, and have only a few years left to live? No one of the assumptions made appears to exclude them from the picture. In the aggregate in any actual society they constitute a vast army. As an extreme representative of this type think of the confirmed drunkard with a small but certain income. His craving for liquor is such that to obtain it he will sacrifice everything he owns or expects to own. *That* is the present gratification he wants and his impatience rate for it is 1,000 per cent. With his small, though regular and certain, income and his brief expectation of life, could he borrow enough to bring his impatience rate down to the level of the current rate of interest? Fisher says that "the chief limitation to lending is due to the risk involved, and to the difficulty or impossibility of obtaining the security necessary to eliminate or reduce that risk."<sup>11</sup> Is it not clear that the *chief* limitation is due, rather, to the small prospective incomes—aggregate incomes—of those who are most eager for present gratifications? Will Fisher maintain that the drunkard proposed for illustration has enough borrowing power to

<sup>11</sup> *The Rate of Interest*, p. 117.

bring his impatience rate down, say, to five per cent? If he is disposed to do so, may we not exaggerate still further the situation by having our bibulous friend condemned to a single year of life, or a single month, or a single week, with the small, certain income which limits his borrowing power correspondingly restricted? Or does Fisher mean to assume that the income of each individual is a perpetual stream independent of the continuance of his earthly life? If he does mean this I can find no hint of it in the text.<sup>12</sup> Moreover, it is an assumption so at variance with the facts of industrial society, where the vast majority of persons with high impatience rates are wage-earners with no incomes except those which come through their personal exertions, that it would deprive his "first approximation" of most of its value as a link in his explanation.

So far as I can see, with the technical superiority of present over future goods, or the productivity of capital, absent, the question as to whether interest would continue or not is an entirely open one. The factors on which Fisher relies for the "fundamental attribute of human nature" which causes interest, would, I am quite clear, not prevent many persons, with regard to part of their resources, from preferring to have them available in the future rather than in the present. On absolutely safe security they would lend, if they needed to, without any interest charge, to avoid the expense of hiring safe-deposit boxes in which to hoard coin or some other durable form of wealth. The number of persons who would lend without interest or hoard would be smaller no doubt than the number with positive impatience rates. But would the borrowing power of the persons with high impatience rates, limited as it would be in most cases by small present and prospective incomes exceed the lending power of those with negative impatience rates

<sup>12</sup> That Fisher ignores the effect which their limited prospective incomes have on the borrowing power of persons dependent on their own exertions is shown in the following sentences which refer to the actual industrial situation (*Principles*, p. 402). "Again, the second condition (that the degrees of impatience of all persons become equal to the rate of interest) may not be fully met; for a would-be borrower may not be able (owing to lack of security satisfactory to the lender) to secure a large enough loan to reduce his impatience to equality with the market rate of interest. Or he may be affected by laws restricting loans." Except for these limitations, the implication clearly is, "the degrees of impatience of all persons [would] become equal to the rate of interest."

many of whom would desire to leave large fortunes to their families, so that a positive rate of interest would necessarily result? The question is purely speculative and one man's guess at the answer is as good as another's but after squarely facing it can we concur in Fisher's view that "the preference for present over future goods . . . is a fundamental attribute of human nature"? Is it not rather a result of the present industrial organization of society arising chiefly from the fact that capital plays such a tremendously important role in production and that, under the system of private property in the instruments of production and free competition, capitalists can secure a return corresponding, at least roughly, to the part of the value-product that is economically imputable to the assistance which their capital renders? That is the view of the productivity theorists and it is now time to consider the cogency of Fisher's criticism of this familiar explanation.

Both in his *Rate of Interest* and in his *Elementary Principles*, Fisher criticises the productivity theory of interest. Since that is the theory which, on the whole, commends itself to my intelligence, I shall dwell on this part of his discussion at some length. The first criticism which he levels against this theory<sup>13</sup> is the one which is also urged by Böhm-Bawerk, that is, that advocates of the productivity theory confuse physical-productivity and value-productivity. That such a confusion has sometimes occurred I should be the last to deny. On the other hand, I cannot agree that there is no necessary or logical connection between physical-productivity as a general phenomenon of capitalistic production and value-productivity. The basis for Böhm-Bawerk's and Fisher's denial of this connection is the familiar principle that, other things remaining equal, an increase in the supply of any product depresses the price of each unit of that product with the consequence that a larger supply may have not a larger but actually a smaller aggregate value than a smaller supply. The application of this principle, so well established in economics with regard to an increase in the supply of a single commodity, to an increase in the supplies of commodities generally seems to me entirely unwarranted. Exchange values and prices are relations among goods. Increase the supply of one good and the ratio at which it exchanges for others or for money will change to its disadvantage. If, however, you increase at the same time the supplies of all goods, including gold, the stand-

<sup>13</sup> *Rate of Interest*, p. 12 et seq.

ard money material, you affect simultaneously both sides of all ratios of exchange and consequently the ratios should remain substantially as before. It is just such an increase of goods of all sorts and descriptions that is denoted by Böhm-Bawerk's phrase "the technical superiority of present over future goods" or by the more familiar phrase "the productivity of capital." Admitting the physical-productivity of capital (and Fisher does not question it),<sup>14</sup> the value-productivity of capital or more accurately an increase in the total value-product as a consequence of the assistance which capital renders to production seems to me to follow as a logically necessary consequence. The charge that advocates of the productivity theory take this connection for granted and nowhere prove it, is true only in the sense that it is such an obvious deduction from the accepted principles in regard to the determination of exchange values and prices that they usually assume express proof of it to be superfluous. Acceptance of this view does not, of course, carry one very far toward an understanding of the interest problem, but at least it suggests that the productivity theorists are not entirely on the wrong track.

Passing too readily from physical-productivity to value-productivity is, however, according to Fisher, not the major fallacy of which the productivity theorists are guilty. Just what this major fallacy is he tries to make clear by the following illustration:<sup>15</sup>

When the rate of interest is five per cent, nothing at first sight seems more obvious than that it is five per cent because capital yields five per cent. Since capital is productive, it seems self-evident that an investment of \$100,000 in productive land, machinery, or any other form of capital will yield a rate of interest proportionate to its productivity. This proposition looks attractive, but it is superficial. Why is the land worth \$100,000? Simply because \$100,000 is the discounted value of the expected \$5,000 a year. We have seen in previous chapters that the value of capital is derived from the value of its income, not the value of the income from that of the capital. Capital value is merely the present or discounted value of income. But whenever we discount income, we have to assume a rate of interest.

The fallacy of the productivity theorists is thus to try to explain the rate of interest by reference to facts which really presuppose the rate of interest to be explained.

<sup>14</sup> *The Rate of Interest*, p. 58. "Passing over the second step [that is, Böhm-Bawerk's proposition that the longer the average production period, the greater will be the product] to which no objection is offered."

<sup>15</sup> *Principles*, p. 366, *et seq.*



To the careless reader this sounds very just and very convincing. The more cautious will observe that its plausibility depends upon the dexterous putting forward of "land" as typical of all forms of capital. If land, the limited gift of nature, were truly representative of capital, then Fisher's reasoning would be unassailable. Since men could not increase nor decrease the supply of land, any value that it might have would be the discounted value of its products, and the circumstances determining the rate of interest would have to be sought in factors outside the field of production. But land is not representative of capital. If the reader will only substitute for "land" in the above sentences a phrase indicating the produced means to further production, he will at once see the hidden fallacy in the author's reasoning. We should then have: "Why are the tools and machines *worth* \$100,000? Simply because \$100,000 is the discounted value of the expected \$5,000 a year." If this were true then the chain of value causation would always be from the value of the product through the rate of discount to the value of the fund of capital giving rise to the product. That this is in fact the case is asserted by Fisher over and over again. But that it is not true admits of very simple demonstration. Change the expense of producing the tools and machinery that are worth \$100,000 and you will set in motion influences that will as surely change the value of the products, except in the rare case in which the production of the tools and machines is an absolute monopoly, as you would by changing the marginal utilities of these products or by changing the rate of interest. If, for example, the expense of producing the tools and machines is cut in two, the branches of production making use of them will be temporarily stimulated by the abnormally large profits to be secured, the cheapened tools and machines will be multiplied and presently the increased output of products will cause the value of the products to decline to conform to the reduced values of the instruments of production which give rise to them.

In other words, when capital is used in the sense of the produced means to further production, the relation between the value of capital and the value of its products is not one of simple dependence from value of products to value of capital, as Fisher represents, but one of mutual dependence. At the foundation of exchange values is, no doubt, as he argues, the principle that such values tend to correspond to marginal utilities. Also when the values to be

explained are those of instruments of production rather than of consumable commodities the marginal utilities of the commodities to be produced are, as he maintains, carried back by the discount process to the values of the instruments of production which give rise to them. What he overlooks is that these instruments of production are themselves produced and that in the expenses of production we have another factor of wide-reaching importance in the final determination of value relations. By this I do not mean to repeat the discredited proposition that exchange values are *determined* by the expenses of production. "It would be nearer the truth," if I may repeat what I have said in another connection,<sup>16</sup> "to say that prices, determined by the money equivalent of the marginal utilities of goods to marginal consumers, *determine* the expenses of production. But this statement also would fail to tell the whole truth. Prices are paid for goods because of limitations on their supplies. These limitations under conditions of free, all-sided competition are due in turn to limitations on the supplies of the factors of production. . . . Thus if prices determine the expenses of production, the causes necessitating expenditures in production play a part in determining prices. The chain of causation is not straight, but returns upon itself in a circle. Each influence that needs to be considered acts and reacts upon the others."

That is all very well, I can imagine Fisher rejoining. I may have been inadvertent in inserting that word "simply" in my demonstration, but what has your argument to do with my main contention, that is, that you productivity theorists lug in a rate of interest from the outside and imagine that by showing how it affects the value relations between capital and the products of capital you are explaining it? The answer to this question can best be given after examining the next step in his criticism.

In his *Rate of Interest*, and in abbreviated form in his *Principles*, he indicates his poor opinion of the productivity theory as follows:<sup>17</sup>

The futility of the ordinary productivity theory may be further illustrated by observing the effect of a change of productivity. If an orchard could in some way be made to yield double its original crop, the productivity of that capital in the physical sense would be doubled, but its yield in the sense of the rate of interest would not necessarily be affected at all, certainly not doubled. For the orchard whose yield of apples should increase from \$1,000 worth to \$2,000 worth would

<sup>16</sup> *Economics: Briefer Course*, pp. 203-204.

<sup>17</sup> *Rate of Interest*, p. 15.

itself correspondingly increase in value from, say, \$20,000 to something like \$40,000, and the ratio of the income to the capital-value, would remain about as before, namely, 5 per cent.

The first point in this statement that must strike the reader is that it characteristically takes for illustration not capital in the sense of produced means to further production but "an orchard" in which the "land" element is necessarily prominent. If he had taken freely reproducible tools and machines worth \$20,000 as the source of the products whose value is mysteriously doubled the improbability of the outcome he describes would be too obvious to escape his attention. What would happen in such a case, the production of the tools and machines not being monopolized, would be a multiplication of these instruments until the values of the resulting products were brought into normal relations again with the expense of producing them. Certainly the value of the tools and machines, in the absence of monopoly, would not be for any length of time doubled or even greatly increased, the limiting influence of the expense of producing them being readily brought into play. That such a change could not greatly increase the rate of interest, since its influence on the general capital market would necessarily be slight, the productivity theorist would readily agree.

Apparently Fisher was not altogether satisfied himself with this illustration for he goes on to say:<sup>18</sup>

One cannot escape this conclusion (as has sometimes been attempted) by supposing the increasing productivity to be universal. It has been asserted, in substance that though an increase in the productivity of one orchard would not appreciably affect the total productivity of capital, and hence would not appreciably affect the rate of interest, yet if the productivity of all the capital of the world could be doubled, the rate of interest would be doubled. It is true that doubling the productivity of the world's capital would not be entirely without effect upon the rate of interest; but this effect would not be in the simple direct ratio supposed. Indeed, an increase of the productivity of capital would probably result in a decrease, instead of an increase, of the rate of interest. To double the productivity of capital might more than double the value of the capital.

Nothing in Fisher's whole discussion better illustrates the disastrous results, so far as clear thinking is concerned, that follow the acceptance of his view that the "produced means to further production" and "land," the limited gift of nature, are essentially alike and should be thrown together under the common designation,

<sup>18</sup> *Rate of Interest*, p. 16.

"capital," as a first step toward the solution of the interest problem! We are seriously asked to believe that by doubling the products that may be secured through the use of tools, machines, buildings, raw and partly finished materials, etc., we might more than double the value of these instruments! Is it not perfectly plain that after as before the change, time being allowed for an adjustment to the new conditions, the values of the produced means to further production will be brought into conformity to the expense of producing them? Since there is nothing in the assumption that the productivity of all instruments is doubled that involves any serious change in the expense of producing the instruments, the productivity theorist certainly *would* claim that under these conditions there must be, if not a doubling, certainly a very substantial increase in the rate of interest. Where, he may ask, does this large addition to the annual returns from the nation's industries go if not to those who control the capital, which by hypothesis gives rise to it? And, since the expense of producing the needed complex of capital goods is little changed, must not the larger value return inevitably show itself as a higher rate of interest on capital? This is just the sort of illustration that confirms the productivity theorist in the faith that is in him, and I cannot think that Fisher has strengthened his case by referring to it.

This is not the place to attempt a complete restatement of the productivity explanation of interest. Various versions of it are available and a knowledge of the logical steps involved in it on the part of readers of this review may be taken for granted. Judging from some of Fisher's criticisms, however, it clearly is the place to indicate briefly what this theory does and what it does *not* involve. It starts out with the proposition that entrepreneurs desirous of making profits by supplying goods at current prices compete against one another for control of the factors necessary to production. This competition tends to keep their own profits down to a large or small "wages-of-management" and to force them to pass along as the remuneration of the factors which they hire, subject to this deduction and to a deduction for the replacement fund, the total price which they receive for the things which they sell. It is, therefore, contended that it is the part these factors play in production as compared and measured by entrepreneurs that determines the shares of this total price that are assigned to them. The part that capital plays presents two aspects: that of

capital goods available at a given instant of time, and that of the purchasing power tied-up in these capital goods during the period that they are performing their productive function. In relation to the first aspect, entrepreneurs appear as buyers. Normally, under conditions of free competition, the prices which they must pay for capital goods conform to their expenses of production.<sup>19</sup> In relation to the second aspect, entrepreneurs appear as users of capital. How much interest they can afford to pay for such use, entrepreneurs estimate through comparing the productive services of capital goods at current prices with the productive services of workers, who at some points are interchangeable with capital goods, at current rates of wages. Through these comparisons the general rate of interest, so far as it depends upon the demand for capital for use in production, is determined. And it is this demand for capital growing out of the important role capital plays as a factor in production, that is the positive, active influence determining interest, in the same sense that utility may be said to be the positive, active influence determining value.

Productivity theorists do not claim that this is the whole story. They recognize the necessity of an analysis of the psychological factors that control the amount of saving and thus determine interest on the supply side. Neither do they deny that before an equilibrium is reached what Fisher calls the impatience rates and what Böhm-Bawerk calls the rates of discount of persons who save and lend—not of those who borrow and spend, as Fisher seems to think—must be brought into harmony with the rate of interest. As I have fully conceded in another connection:<sup>20</sup>

If men did not discount future goods, all incomes would be saved so long as interest could be earned in this way. That this does not happen is a sure indication of the truth of the principle upon which the exchange theory rests. It is equally obvious that whenever and as often

<sup>19</sup> In a complete analysis these "expenses of production" must, of course, be related to the "costs of production," that is, the sacrifices which production entails for the marginal workers, on the one side, and the marginal savers, on the other. I am entirely unable to follow or to concur with the reasoning which leads Fisher to the conclusion that "all items of income and outgo cancel among themselves, except efforts and satisfactions" (*Principles*, p. 351). This outcome is the more surprising because the phrase "preference for present income," which sums up his explanation of interest, itself so clearly implies the thought that waiting for future income involves a sacrifice.

<sup>20</sup> *Introduction to Economics*, p. 278.

as the current rate of interest exceeds the rate at which men discount future goods, income will be saved and invested and that the tendency in a competitive society will be for the supply of capital goods to be kept at just that level at which the rate of interest and the rate of discount are equal.

The decisive objection to Fisher's theory and theories like it, in other words, is not that they are not true, so far as they go, but that they are incomplete and inadequate because they fail to consider the other and more important side of the problem, that is the influences within the process of production which determine the share of the product to be assigned to capital and thus fix the value ratio between this share and the capital to which within a given period of time it is credited.

Fisher offers further refutations of the productivity theory, but a detailed review of them would bring out no new consideration of importance. They all seem to me to be either erroneous or to refer to forms of statement of the theory which are inaccurate. To the author's final conclusion that "the idea of raising the rate of interest by increasing the productivity of capital is, therefore, like the idea of raising one's self by one's boot straps,"<sup>21</sup> I can only reply that to my mind the idea of raising the rate of interest in any other way is like the idea of increasing the volume of a stream by changes, not in the capacities of its source or tributaries, but in the ocean into which it flows.

Although nothing in Fisher's discussion has shaken my confidence in the essential soundness of the productivity explanation of interest, when presented not as the complete explanation but as the necessary supplement of the discount theory, there is one feature in his treatment that leaves me uncertain how far he himself is a productivity theorist in disguise. I referred earlier to the importance he ascribes to the distribution of incomes in time as one of the factors influencing impatience rates. Consideration of this factor might lead the reader to conclude that its net influence on the rate of interest would be slight. Some persons look forward to diminishing incomes and their rates of time preference will be depressed thereby. Others expect their incomes to increase in the future and this will enhance their rates of time preference. In general, it might be thought that the two tendencies affecting different persons in opposite directions would, when these persons

<sup>21</sup> *Principles*, p. 369.

came to exert their influence on the rate of interest, largely offset each other. But this is not Fisher's opinion. Among the "*Historical Illustrations*" with which he fortifies his conclusions is the interesting example of the relatively high interest rate that has continuously prevailed in this country in comparison with the interest rates that have been current in Western Europe. The reason for this high interest rate is found by Fisher in the fact that American incomes generally are expanding rather than contracting. His exact account of the matter is as follows:<sup>22</sup>

In America we see exemplified on a very large scale the truth of the theory that a rising income-stream raises, and a falling income-stream depresses, the rate of interest. . . . In California, in the two decades between 1850 and 1870, following the discovery of gold, the income-stream of that state was increasing at a prodigious rate. During this period the rates of interest were abnormally high. . . . The same phenomena of enormous interest rates were also exemplified in Colorado and the Klondike.

In other words increasing income-streams may be a phenomenon in which whole communities share over a considerable period of time and its psychological accompaniment is a willingness to pay high rates of interest. But what do these increasing income-streams mean except that in the given situation capital is highly productive? Is not the real basis for the willingness of the people to pay high rates of interest under the conditions assumed their certainty that their investments will bring in big returns? Acceptance of this view is an endorsement of the productivity explanation of interest, and the illustrations given conform so exactly to this explanation that it is difficult to believe that their author is as unalterably hostile to the productivity theory as other portions of his analysis would seem to imply.

In concluding this criticism I should be less than fair if I failed to acknowledge the valuable service which Professor Fisher has rendered in subjecting current explanations of interest to searching analysis. Approaching the problem with the handicap of what seems to me a misleading rather than a clarifying concept of capital, he was predisposed to confuse the explanation of the returns to land, whose supply can be little affected through production, with that of the returns to capital, defined as the produced means to further production. The inevitable result, notwithstanding the acute thought which he has devoted to the prob-

<sup>22</sup> *Principles*, p. 405.

lem, is an explanation that is one-sided and inadequate. But when this is said, much that is favorable remains unsaid. No one can follow the development of Fisher's theory without gaining new insight into the interest problem or without feeling sincere admiration for the author's originality of expression, fertility of illustration, and boldness in following his reasoning to its logical conclusion. If his theory fails to displace the other theories already in the field, at least it must serve to stimulate the supporters of these theories to clearer thought and to a more careful formulation of their ideas.

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## AGRICULTURAL CREDIT IN THE UNITED STATES

The United States, although the leading country of the world in the amount of its agricultural products and in the extent of its banking business, is behind nearly every other progressive country of importance in the development of agricultural credit, *i. e.*, short-time non-mortgage credit. Our manufacturing and commercial businesses are financed largely by means of such credit, and the capital invested in these industries is thereby rendered manifoldly efficient; not so with agriculture. Most farmers apparently make little or no use of short-time credit. There seems to be a wide acceptance in this country even among the farmers themselves of the dictum of Louis XIV, that: "Credit supports agriculture, as the cord supports the hanged." Is this a correct description of the situation? If so, what is the explanation, and what remedies if any are needed? The object of this paper is to throw light upon the answers to these questions.

First, as to existing banking facilities for agricultural credit, and their utilization by farmers. It is well known that the banking capital of the country is concentrated to a great extent in our large cities—to a greater extent than it would be if we had a well-developed system of branch banks like Canada—and that the banks of these cities are prevented by reason of their location from making many agricultural loans, even if they were so inclined. Of the 7,301 national banks in the United States September 1, 1911, 192 or 2.6 per cent were located in the dozen largest cities of the country.<sup>1</sup> The national banks of these twelve cities, representing but 14 per cent of the population of the country, had 37 per cent of the national banking capital (capital, surplus, and undivided profits), 33 per cent of the individual deposits, and 40 per cent of the loans. It should be noted, however, that since the act of 1900, authorizing the establishment of national banks with a capital of less than \$50,000 in small towns, there has been a continual and rapid increase in the number of national banks in small communi-

<sup>1</sup> New York, Chicago, Philadelphia, St. Louis, Boston, Cleveland, Baltimore, Pittsburgh, Detroit, San Francisco, Milwaukee, and Cincinnati. For Buffalo, the tenth city in population, Cincinnati, the thirteenth city, was substituted, since for Buffalo, which is not a reserve city, satisfactory banking figures are not available.

ties. On September 1, 1911, out of the total 7,301 national banks there were 1,966 with a capital of \$25,000, and therefore presumably located in towns of less than 3,000 population, 372 with a capital between \$25,000 and \$50,000, and therefore presumably in towns of less than 6,000 population, and 2,297 with a capital between \$50,000 and \$100,000. Except for banks in towns not exceeding 6,000 population, the law as amended in 1900 does not permit any national bank to be organized with a capital less than \$100,000.

Are the national banks which are accessible to farmers in a position under the law to meet farmers' needs? The answer to this question must be in the affirmative. Aside from the fact that national banks are not permitted to make loans on real estate security, there is no restriction in the national banking act which would interfere with loans to farmers for agricultural purposes. Personal security alone is legally acceptable; the range of possible collateral security is practically unlimited; and there is no limitation fixed by law as to the period of loans. National banks therefore have a very free hand in regard to loans to farmers.

When we inquire concerning agricultural credit in banks under state charters we find conditions varying with the different states, but, with a few minor qualifications, it may be said that the state banking laws are free from restrictions that would hamper state banks and trust companies in extending credit liberally to responsible farmers. They are in a much better position in one respect to deal with farmers than are national banks, that is, in the matter of accepting real estate security. No state denies state banks this privilege, and such restrictions as exist upon its exercise are generally not onerous.<sup>2</sup>

If commercial banks are comparatively unhampered by law in making short-time loans to farmers, it may be asked: To what extent are such loans made? Unfortunately practically no infor-

<sup>2</sup> Restrictions on the amount of real estate loans exist in Michigan, New York, Ohio, Pennsylvania, South Carolina, Texas and Wisconsin; restrictions as to the ratio of the amount of the loan to the value of the real estate exist in Minnesota, Ohio, and Texas. Real estate loans are legally limited to first liens in California, North Dakota, Oklahoma, Pennsylvania, and (under certain qualifications) in New York. Similar restrictions are found in a few states to real estate loans of trust companies. Cf. Samuel A. Welden, "Digest of State Banking Statutes," tables A and C (*Report of National Monetary Commission*; S. Doc. No. 353, 61 Cong., 2 Sess.).

mation is available on this question. In answer to an inquiry the Comptroller of the Currency wrote, under date of May 27 of this year, that no information with reference to short-time loans made to farmers by national banks had ever been compiled by the comptroller's office. The writer has found no trace of any investigation of this subject by state banking departments. For about a year he has taken occasion to inquire at every opportunity of individual bankers concerning their experience with regard to loans to farmers in different parts of the country. The replies received are so divergent that no conclusion can be drawn from them, except that the practice varies widely in different sections of the country and even in different communities in the same section, and that probably the farmers of the North Central and Western States borrow of commercial banks more than do those of the Eastern and Southern States. There is not sufficient evidence, however, for this latter inference to make it much more than a guess. In the absence of any comprehensive data, I shall resort to the unsatisfactory but representative replies from different parts of the country.

Neither of the two national banks in the city of Ithaca, N. Y. makes any appreciable amount of loans to farmers. Both claim to be willing to do so, but say there is practically no demand. In some of the neighboring cities, however, such loans by national banks are more common. The cashier of a national bank in a town of about 800 population in an agricultural section of north-eastern Pennsylvania writes:

Our farmers as a rule are not large borrowers and want loans only in small amounts for short periods.

Farmers in general will not go on each other's paper no matter how good the parties are, for they have been so often taken in by wild-cat schemes that they are shy when their names are required to be placed upon paper. They realize also that they are not familiar with business methods in the commercial world and dare not trust themselves.

There is a moderate amount of borrowing by farmers in western New Jersey. Estimates made by bankers in Princeton as to the proportion of farmers in that neighborhood who borrow for short periods of local banks vary from 15 to 40 per cent.

A former president of a national bank in Indianapolis writes:

We came very little in contact with farmers. We made special effort to secure such business by sending to a considerable mailing list of carefully selected farmers circulars and personal letters . . .

but the business did not come. My inference was that they dealt with the nearby small banks.

Of the situation in Lafayette, Indiana, a former vice-president of a national bank, writes:

About 50 per cent of our business was with farmers. They borrow frequently from commercial banks, funds to be used for crop planting, crop gathering, purchase of agricultural machinery, improvements on the farm, purchase of cattle, and the carrying of cattle or hogs to maturity. Through Indiana these farmers' loans are very usual in the country banks, many preferring state charters so they may make these loans not only on personal but also on mortgage security.

Farmers are seldom able to give any but personal or mortgage security. A large percentage of them are sufficiently responsible to be entitled to and to receive reasonable credit without security.

Farmers seem to endorse for each other much more readily than do those of other classes. . . . The reason is, I think, clear. Each knows pretty much everything about his neighbor's financial status, the amount and value of his land, his live-stock, and other visible personal property, the amount of any mortgage and when due. So much being thus in the open there is less of the secretive habit, so that the extent of the invisible personal property and debts is apt to be known.

A similar report comes from a national bank in Lincoln, Nebraska, from which the following extracts are taken:

The farmers of this state have need of accommodations of this kind to carry them through the crop season. As a matter of fact, they use short-time credit to fully as great an extent as do the business men in the city and smaller towns. In fact, I think it is true that in the smaller towns the bankers favor the farmers in preference to the small business men. . . .

There is no doubt about the average well-to-do farmer in this state being able to furnish satisfactory security aside from mortgaging his farm for such temporary loans within any reasonable limitations. In some cases the banks take chattel mortgages on cattle or other live-stock, and in some cases where the farmer has a good equity in his farm they will not hesitate to take his personal note.

While I do not know that there is any particular difference between farmers and other classes in this state as to their willingness to go security for each other, yet very little of this is done any more. There was a time when it was not an uncommon thing, but it has become less and less until now there is very little signing done for others. In fact, the farmers feel that they are able to take care of themselves and do not ask others to sign with them, and are able to handle themselves without such an endorsement. This is true of all classes in this state.

I have never felt that in this locality farmers suffered in any way from lack of credit facilities. . . .

A former bank examiner in the state of California, himself a farmer, writes:

The farmers of California do not to any considerable extent make a practice of borrowing money from local banks or money lenders for short periods. . . .

In reviewing the various bank examiner's reports on some 500 state banks I recall very few instances of crop mortgages, and it impresses me that in many of the cases the mortgage was taken to obtain additional security for loans previously granted and secured otherwise.

I think it would be safe to say that the bankers as a rule have not favored short-time unsecured loans to farmers. They are, however, fast awakening to the fact that as a rule these are the safest loans a bank can make, and are making an effort to get in closer touch with the farmer. It would also be safe to say that the average small farmer does not as yet realize that he *can* obtain such credit at a bank.

Our farmers as a class are exceedingly reluctant "to go each other's security." Two-name paper is mostly confined to commercial transactions.

A college professor in the state of Washington informs me that short-time loans to farmers are common in that state, but that frequently the rate of interest charged is two per cent higher than that on commercial loans—the explanation commonly given being that a farmer borrowing generally reduces the resulting deposit credit more rapidly than does a merchant.

In the Southern States, particularly in the cotton, rice, and tobacco sections, the use of crop liens for short-time loans appears to be much greater than in other sections of the country.<sup>8</sup> Such meager testimony as I have been able to secure seems to show that the amount of short-time agricultural credit extended by banks in the South is relatively small but rather rapidly increasing. The banks are catering more and more to this class of business.

Other evidence might be cited, but the above gives a fair picture of the situation as revealed by all the testimony received—a confused picture of widely varying conditions. Public opinion is now being aroused on the subject of agricultural credit, and pressure is liable to be brought for hasty and perhaps radical legislation. Obviously, the first step to be taken in the interest of a sane solution of the problem is to find out exactly what the problem is. To this end the writer would urge strongly the need of investigations by the Comptroller of the Currency and by the various state banking departments of the present facilities and practices in the matter of agricultural loans. In view of the increasing public

<sup>8</sup> Cf. Testimony before United States Industrial Commission (*Report*, X), under subjects of "Credit System" and "Crop Lien System," *passim*.

interest in the subject the investigations cannot be undertaken too soon.

Although the farmers in any section of the country may not resort to the banks for short-time credit it does not follow that they are not receiving such credit. As a matter of fact they are often receiving it on a considerable scale and in the most expensive way, *i. e.*, in the form of book credits with merchants. It is a common practice throughout the country for farmers to run up book accounts with local merchants during the spring and summer to be paid in the fall when the crops are sold. When this is done on any considerable scale the farmer probably pays more than bank interest under the guise of prices; and this is particularly true when he obligates himself to sell his crops to the creditor merchant. In the South this practice is carried to the extreme in the familiar "store-lien" system which holds many farmers in the cotton belt in a condition bordering on perpetual servitude. The custom is for the farmer to buy supplies of the local general store on credit for the year, agreeing to sell to the merchant his cotton crop in the fall, thereby cancelling the debt. A crop lien is generally given, and the merchant often dictates the character and the amount of the planting. The prices paid for cotton under this system are liable to be exceptionally low, and the prices paid by the farmer for his supplies exceptionally high. The system has proven a curse to many sections of the South. Witnesses before the United States Industrial Commission estimated the interest rates imposed by this system at from 20 per cent upwards. Mr. George K. Holmes of the United States Department of Agriculture testified:

The rate of interest on the liens on the cotton crop of the South, it is safe to say, probably averages 40 per cent a year. All cotton men will agree that it is at least that. The store system of the South is a sort of peonage; that is what it amounts to with the cotton planter.<sup>4</sup>

Since the Industrial Commission's report was published the banking facilities of the South have been greatly increased, and the banks are coming into closer touch with farmers, with the result that the store-lien system is gradually breaking down.

Another form of credit to farmers is that obtained from dealers in farm implements and machinery which the farmers frequently buy on time, paying interest during the credit period.

One informant, who has been a bank examiner, writes from

<sup>4</sup> *Report*, X, p. 161.

California—and his testimony is applicable to many other sections of the country:

The new generation of merchants are not disposed to carry the farmer as of old and insist that overdue accounts be covered by promissory notes which are in turn hypothecated with their bank. In other words a clearer demarcation of function is being gradually brought about to the best interests of all concerned.

Such in general is the present situation in the United States in the matter of short-time agricultural credit as evidenced by the very indefinite and scant information available. What are the causes? Perhaps in them will appear some suggestions for the remedy.

The chief reasons for the backwardness of the United States as compared with Europe with regard to agricultural credit may be briefly summarized as follows: (1) Our wonderful agricultural domain where good land could be had almost for the asking, and where for generations land was so cheap and labor and capital so dear that intensive cultivation was generally unprofitable. (2) The prosperity of our farmers who have not been forced by dire necessity to resort to credit as were the farmers of Germany at the middle of the last century when the Raiffeisen coöperative banks were first organized. (3) The nomadic character of a considerable part of our agricultural population as it has moved continually westward in taking up of new lands, and more recently as it has been retracing its steps or moving northward. (4) The isolation of our farmers in this country of large farms and "magnificent distances." (5) The rapid growth of the manufacturing and commercial business of the country—and that largely in the hands of the same class of people who control the bulk of the banking business.<sup>5</sup>

Add to these circumstances the obstacles which farmers always encounter in the matter of credit, as compared with manufacturers and merchants, obstacles such as the uncertainty of crops and the strongly seasonal character of the farmer's credit demands, and we have a sufficient explanation for the backwardness of agricultural credit in this country.

To emphasize most of these causes, however, is to brand oneself as belonging to a past generation. Our domain of free arable land

<sup>5</sup> In some states farmers themselves own considerable amounts of bank capital. This is said to be particularly true of Iowa.

is practically gone; good farms must be bought, and for them ever increasing prices must be paid.<sup>6</sup>

The era of hand cultivation is giving way to that of farm machinery propelled by horse-power and even by steam, gasoline, or electricity, with its resulting great increase in the efficiency of labor. Eleven years ago the editor of *The Dakota Farmer*, in his testimony before the United States Industrial Commission, put the matter tersely, and with little exaggeration, as affecting his own section of the country, at least, when he said: "When I first worked out it took five binders to follow a machine, one man to rake off, and one to carry the bundles together. Now the hired girl frequently drives a machine that does the whole business."<sup>7</sup> Some idea of the extent of this increase may be obtained by reference to the following figures compiled from census reports:

VALUE OF FARM IMPLEMENTS AND MACHINERY IN THE U. S.<sup>8</sup>

YEAR	VALUE 000,000	PER CENT INCREASE
1910	\$1,265	69
1900	750	52
1890	494	22
1880	407	50
1870 <sup>9</sup>	271	10
1860	246	62

The increase in the value of farm implements and machinery per acre of land in farms from 1900 to 1910 was from \$0.89 to \$1.44, or 61.8 per cent.

An analysis of the figures for farm machinery by geographic divisions shows a marked difference in the rates of increase, but the tendency in all sections during the last forty years has been decidedly upwards, the greatest growth having been witnessed in the decade ending 1910. During that decade the lowest rate of increase in any section was that of New England, 39 per cent, and the highest that of the Mountain States, 163 per cent.<sup>10</sup>

Another development which is making larger demands upon the farmer for working capital is the increasing use of artificial fer-

<sup>6</sup> The average value per acre of farm land in the United States rose from \$15.57 in 1900 to \$32.40 in 1910, a rise of 108 per cent. *Thirteenth Census, Bulletin on Farms and Farm Property*, p. 15.

<sup>7</sup> Report, X, p. 938.

<sup>8</sup> Exclusive of Alaska and Hawaii.

<sup>9</sup> Values in gold.

<sup>10</sup> Cf. *Twelfth Census*, V, pp. xxix and xxx, and *Thirteenth Census, Bulletin on Farm and Farm Property by States*, pp. 13 and 15.



tilizers, the expenditure for which in the United States approximately doubled from 1880 to 1900.<sup>11</sup>

As the result of such tendencies and of the rapid depletion of our free domain, farming in the United States is losing its old time kinship to mining and becoming more like manufacturing.<sup>12</sup> More and better machinery and more power are needed on most farms in the interest of efficiency. This calls for short-time credit. But a supply of good machinery requires a fair sized farm for its efficient utilization—hence the need for larger farms and for mortgage credit to make their purchase possible. Upon this subject there are some very illuminating data in Warren and Livermore's *Agricultural Survey* of four townships in Tompkins County, N. Y., from which the following is quoted:<sup>13</sup>

The value of farm machinery increases rapidly with the size of the farm. . . . Anyone who has ever made a list of the necessary farm machinery will see at once how inadequately these small farms are equipped. Yet their machinery costs nearly twice as much per acre as that on the larger farms that have nearly three times as much machinery. Machinery can be used more effectively on large farms. One mower, one hay rake, one tedder, one hay loader, one corn harvester, one grain harvester, one grain drill, one manure spreader, one potato digger, one potato planter, can do their work on a 250 acre farm as readily as on a small farm. Few of the small farms have half of these tools. If a small farm does have nearly all the list, it cannot use them enough to pay for the investment. The more efficient and numerous machines become, the larger our farms should be. It is interesting to notice how many of the tools are of very recent development. Almost half of the value of farm machinery on a well-equipped farm is invested in machinery that has been perfected in the last few years.

Much the same situation exists in regard to an adequate equipment of horses.

<sup>11</sup> *Twelfth Census*, X, p. cxi.

<sup>12</sup> "The farmer was once regarded as a miner whose prosperity depended upon the amount of fertility he could dig out of the soil each year in the form of crops. When the soil was no longer fertile the mine was exhausted, and the farmer had to begin again on new land. . . . The farmer has turned gradually from the mining process to the manufacturing. Land and machinery are his factory and capital; fertility, natural and artificial, his source of power; and crops and animal products his manufactured goods." *Twelfth Census*, V, p. cxxxvi.

<sup>13</sup> *An Agricultural Survey. Townships of Ithaca, Dryden, Danby, and Lansing, Tompkins County, New York*, by G. F. Warren and K. E. Livermore, pp. 419-421. (Ithaca, N. Y.: Cornell University, 1911.)

Three or four horses are the smallest number that can be used efficiently with modern machinery. . . . The small farms have not enough horses to make efficient teams and yet they are over-supplied with horses compared with their area. On these farms there are only 15 acres per horse. On the largest farms, one horse farms three times this area, with no resulting decrease in crop yields. . . . When we consider the cost of keeping a horse we see what a great advantage the larger farms have.

Forces like these are counteracting what is commonly thought of as the normal tendency of agriculture to move toward more intensive cultivation *on small farms*, with the result that the average amount of improved farm land per farm actually increased instead of diminishing in the United States during the last decade.<sup>14</sup> This does not mean less intensive cultivation, in fact quite the contrary; it means more intensive cultivation, but by the efficient utilization of good machinery and of power. It means further, as said above, a demand for mortgage credit for the purpose of enlarging farms—and that, at rapidly increasing farm prices.<sup>15</sup>

The farming population is becoming more settled now that the free lands are practically gone and the frontier has disappeared.<sup>16</sup> The isolation of the farmer is rapidly becoming a thing of the past, with the advent of rural free delivery,<sup>17</sup> rural telephone,<sup>18</sup> the automobile, and the parcels post. The farmer no longer buys gold-bricks nor is duped by fraudulent lightning-rod schemes except in the pages of the comic supplements.

When seeking credit the farmer can offer better security than ever before. His markets are larger, better organized, more

<sup>14</sup> It rose from 72.2 acres per farm to 75.2; although in some geographic sections it fell. *Thirteenth Census, Bulletin on Farms and Farm Property*, p. 19.

<sup>15</sup> *Supra*, p. 859, note 6.

<sup>16</sup> Every census since 1870 has shown a larger percentage of the native population living in state or territory of birth.

<sup>17</sup> The rural free delivery routes have increased from 82 in 1897 to 41,656 in 1911. Rural delivery carriers collected or delivered in 1911 over 300 million tons of mail, representing approximately two and three quarters billion pieces. *Report of the Fourth Assistant Postmaster General, 1911*, pp. 4 and 5.

<sup>18</sup> Reliable figures are not available as to the actual number of farm telephones in operation in the United States, but they are available for Connecticut and Iowa. "... 73 per cent of the farms in Iowa were supplied with telephone service, the statistics including a certain amount of duplication of service, while in Connecticut 58 per cent of the farms were supplied with telephones without competition." *Special Report of Bureau of Census, Telephones, 1907*, p. 79.

certain, and more accessible. The risk of crop failure is less, thanks to the wonderful progress of scientific agriculture. There are few pests which cannot now be readily controlled by the intelligent farmer, who takes time by the forelock. The problem of moisture is growing less serious every year with the improvements in irrigation, dry farming, and the more scientific diversification of crops.

Conditions then point to an increasing need for agricultural credit, and to improving circumstances for its safe development.

It is out of soil such as this that the present agitation for improved agricultural credit facilities has suddenly grown. An investigation of mortgage and agricultural credit in Europe is now being made by the State Department and a comprehensive report on the subject is expected before long. The American Bankers' Association has had a committee to investigate the subject during the past year and at their annual convention in September they devoted a meeting to its discussion. The New York State Bankers' Association has actively taken up the subject, and the President of the Illinois Bankers' Association recently gave to the press a notice containing the statement that "24 State Bankers' Associations have recently in response to our work [*i. e.*, that of the American Bankers' Association] organized standing committees on agriculture to coöperate with our farmers, on whose success ours depends." Much interest has been aroused through the publications of the International Institute of Agriculture, and through the influence of its founder and leading American representative, Mr. David Lubin of California. At the meeting of the Southern Commercial Congress at Louisville in April, Mr. Lubin spoke, and so much interest was aroused that a resolution was passed recommending that "a select committee on rural finance investigation, consisting of one or more, but preferably two, members from each state in the Union, go to Europe in the summer of 1912 [the date was later changed to May, 1913, when the General Assembly of the International Institute of Agriculture meets at Rome], under the general management of the Southern Commercial Congress . . ." <sup>19</sup> Delegates have already been appointed by a number of states. A resolution

<sup>19</sup> *Report to the International Institute of Agriculture on the Conference Held at Nashville, Tenn., April, 1912*, p. 3. This report has been reprinted as S. Doc., No. 855, 62 Cong., 2 Sess.

introduced by Senator Gronna of North Dakota, calling for the appointment of a federal commission to investigate the coöperative banks of Europe, was passed in the United States Senate May 7, 1912,<sup>20</sup> but failed to pass the House. The national platforms of the three leading parties contain planks favoring the improvement of credit facilities for farmers, and the farmers themselves are taking an active interest in the subject in their various organizations. All this to show that the ball is moving, and growing as it moves.

If the time is ripe for a greater use of bank credit in agriculture, how is that credit to be obtained? Broadly speaking four methods may be mentioned, only the last two of which are deserving of much attention at the present time. They are: (1) Establish government agricultural banks; (2) Adopt the Egyptian plan of a government guaranty to an agricultural bank established with private capital; (3) Encourage the farmers to organize coöperative credit societies on some such plan as the Raiffeisen or Schulze-Delitzsch banks of Germany; (4) Utilize more effectively in the interest of the farmer our present banking machinery, and improve it where it is defective.

The suggestion of an agricultural bank owned and operated by government, either state or federal, is not worthy of serious consideration in this country at the present time. The history of such banks both in Europe and America has generally been a disastrous one, although a few have succeeded. Some exist today which are performing useful services to farmers, notably in the line of mortgage credit, among which may be mentioned those of the Australian States and New Zealand,<sup>21</sup> and the recently established one in the Philippine Islands. The success of such institutions is not such as to justify any attempt to establish them in the United States, at least until every reasonable effort has been made to solve the problem by means of private and coöperative effort.

The other plan, commonly known as the Egyptian plan<sup>22</sup> from

<sup>20</sup> *Congressional Record*, p. 6319.

<sup>21</sup> On this subject see the writer's article on "Agricultural Credit" in L. H. Bailey's *Cyclopedia of American Agriculture*, IV, p. 270; and his *Report to the Treasurer of the Philippine Islands on The Advisability of Establishing a Government Agricultural Bank in the Philippine Islands*, pp. 9-11, 151-154.

<sup>22</sup> Cf. E. W. Kemmerer, *Report to the Secretary of War and to the Philippine Commission, on The Agricultural Bank of Egypt*. (Manila, P. I.: 1906. Also published by Bureau of Insular Affairs, Washington, D. C.)

its most important example, seeks to eliminate the evils of a purely government bank and to take advantage of its meritorious features. In Egypt the agricultural bank is owned and financed by private capital; it enjoys, however, a government guaranty of principal and of three per cent interest. Its administrative expenses are kept low by an arrangement with the Egyptian government by which the government tax collectors make collection of instalments on the Bank's loans at the time of the collection of the regular land tax, for which the Bank pays them a small commission. The Agricultural Bank of Egypt has had a phenomenal success, rendering an invaluable service to the Egyptian fellaheen, and at the same time yielding good profits to its owners. It was this type of bank that the United States government authorized established in the Philippines by the act of March 4, 1907, but the interest guaranty of four per cent has so far proved too low to attract capital into the enterprise.<sup>23</sup>

A bank organized on the Egyptian plan is well adapted to do pioneer work among ignorant farmers, where the apparent risks and heavy administrative expenses prevent private capital from entering the field. A government guaranty, however, hardly seems necessary in the United States, and our people would probably look askance at any proposal for a great agricultural bank or banks of this type with branches scattered throughout the country. It is contrary to our banking traditions, and, like the plan for a strictly government bank, should not be thought of until plans for meeting the need by private initiative have been fairly tried and found wanting.

When one considers the question of the improvement of agricultural credit in the United States one instinctively thinks of the coöperative credit banks of the old world, because of their phenomenal success for a half century and more, the simplicity of their structures, the ease with which they may be established, and their ready adaptability to the widely varying conditions found in a great country like the United States. The description of the wonderful success of these institutions as told by Henry W. Wolff in his *People's Banks* reads like a fairy story. Although the success of coöperative banks has been great in nearly every country of Continental Europe nowhere else has it been so great

<sup>23</sup> Cf. E. W. Kemmerer, "An Agricultural Bank for the Philippines," *Yale Review*, November, 1907, pp. 262-279.

as in Germany, the country of their origin, and it is to Germany one naturally turns first for suggestions. There we find four types of coöperative credit banks, *Landschaften*, *Ritterschaften*, *Schulze-Delitzsch* banks and *Raiffeisen* banks. The first two are coöperative associations loaning money on land mortgages,<sup>24</sup> and securing funds largely through the issue of bonds against the collective mortgages. Being concerned with long-time mortgage credit they do not fall within the province of this paper. The other two types of banks deal especially with short-time credit, the one chiefly in the towns and cities, and the other with farmers in the rural communities. It is with the latter that we are most concerned. Let us therefore consider briefly the essential features of the *Raiffeisen* system.

These features are: (1) Organization on the strictly coöperative principle, none but members having the right to borrow, although non-members may make deposits. (2) Limitation of loan operations to a very small area in which all farmers are acquainted with each other. A bank's field of business, the founder believed, should not cover a parish of less than 400 people nor of more than 1500. The banks were to be, therefore, purely neighborhood affairs. There is a sympathetic but well-informed neighborhood opinion which prevents the squandering of loans. (3) Unlimited liability of all members for the debts of the bank, a necessary corollary of which is the provision that membership is obtained only by election by those already members. (4) The working capital of the bank is obtained chiefly from the following sources: (a) Small savings "drawn, either from within the area covered by the bank, in which case it comes both from members and non-members, the former being rewarded where possible at slightly higher rates in order to encourage membership; or from without the area, in which case it of necessity comes from non-members."<sup>25</sup> (b) Loans from the provincial bank of the district, or more importantly from the central bank of the Empire at which the local bank keeps a current account and with which it may rediscount its paper. Funds are also sometimes obtained from other banks or from

<sup>24</sup> The principal provisions of the statutes of the leading mortgage banks of the world are given in the appendices of the writer's *Report on the Advisability of Establishing a Government Agricultural Bank in the Philippines*, *Op. cit.*

<sup>25</sup> C. R. Fay, *Coöperation at Home and Abroad*, p. 44. (New York: Macmillan. 1908.)

private individuals. (c) A purely nominal share capital which the banks did not originally have, and which they have been forced against their will to issue. The requirement is now usually met by the issue of a few low-priced shares of which no member can hold more than one and upon which no dividend is paid. (d) Two surplus funds called reserve funds; one used exclusively to cover losses, and the other being the principal reserve fund (*Stiftungsfund*), commonly used for "positive improvements, such as the extension of the premises or the establishment of a burial fund."<sup>20</sup> In this fund must be placed two thirds of the annual profits. The fund cannot be distributed among the members, even though the bank be dissolved. In such a case it is held in trust for a time for a new bank, should one be established, and if no such bank is established it must be used for some work of public utility. A recent publication of the International Institute of Agriculture<sup>21</sup> analyzes the total working capital of the rural banks of Germany for the year 1909 as follows:

	AMOUNT IN MARKS	PERCENTAGE
	000,000	
Share capital .....	22.4	1.2
Reserves .....	51.0	2.6
Deposits on current account .....	189.1	9.8
Savings deposits .....	1,455.6	75.2
Other liabilities <sup>22</sup> .....	217.5	11.2
Total working capital .....	1,935.5	100.0

The striking fact brought out by these figures is that out of nearly two billion marks placed at the disposal of farmers, less than<sup>29</sup> 11.2 per cent was furnished by outsiders, while more than 88.8 per cent was provided by the savings and other deposits of the farmers themselves and of the local public. (5) A fifth feature of the Raiffeisen system is that the bank's administrative organization is simple and democratic. Final authority on local questions resides in the general meeting in which every member has one vote. There is elected annually a committee of management consisting usually of five or six directors who meet weekly. As a

<sup>20</sup> Fay, *Coöperation*, etc., p. 44.

<sup>21</sup> *An Outline of the European Coöperative Credit Systems*, pp. 12 and 13.

<sup>22</sup> Under "other liabilities" are included in addition to other items the funds which the banks have borrowed from banks and individual capitalists.

<sup>29</sup> The capital of the district banks and of the central bank came largely from the local banks.

check upon this executive committee there is also elected annually a council of supervision consisting of from six to nine members. A biennial audit is made of the accounts of each bank by an accountant employed by the district or central union. The books of the bank, except the individual deposit ledger, are open to the inspection of all members. Officers of the local banks serve without compensation, except the treasurer who has no vote in the making of loans.<sup>30</sup> The typical Raiffeisen bank is described by Fay<sup>31</sup> as "a small single room, probably at the back of a farm building, opened twice a week and presided over by a single occupant," the treasurer. (6) Advances take two forms: the ordinary loan (of which the name is sufficiently descriptive), and the current account which is similar to the Scotch cash credit. The latter constitute about a third<sup>32</sup> of the total and show a tendency to increase in proportion to the ordinary loans. The period of the ordinary loan varies from six months to three years; and in exceptional cases it may be even longer.<sup>33</sup> Loans are repayable in instalments covering interest and part of the principal, or in lump sums. Banks reserve the right to call a loan on four weeks' notice. The average credit advanced per member is 500 marks, and the average interest rate probably somewhere between four and five per cent. Although mortgage and other collateral security is sometimes accepted, the banks' chief reliance is personal security, and the great bulk of the loans are made on two-name paper.

The Raiffeisen banks are organized into provincial federations with provincial banks at their head, and these in turn into a national federation with a central bank at its head. These provincial banks and the central bank "equalize the need of credit of the individual banks, supplying them with money when required and employing their surplus funds."<sup>34</sup> A large proportion of the German coöperative banks and other coöperative agricultural societies are federated in a single national organization, the National Federation of Darmstadt.<sup>35</sup>

<sup>30</sup> "In 1909 the expenses of management amounted, on the average, to the modest sum of 638 marks per bank." The International Institute of Agriculture, *An Outline* etc., p. 11.

<sup>31</sup> Fay, p. 47.

<sup>32</sup> In 1909 the figures for Germany were: Loans on current account, M 425,-995,403 and Loans for fixed periods, M 1,082,446,388. The International Institute of Agriculture, *An Outline*, etc., p. 14.

<sup>33</sup> *Idem*.

<sup>34</sup> *Ibid.*, p. 17.

<sup>35</sup> *Idem*.



Such are the leading features of the greatest agricultural credit system of the world. To the American the surprising thing about it all is that such coöperative credit banks are practically unknown in the United States, although there has been a remarkable development here in recent years of other forms of coöperation among farmers.<sup>36</sup> This surprise is the greater when one bears in mind that "whole counties have been populated in the Northwest by European agriculturists who came from neighborhoods where they were familiar with agricultural coöperative credit, and yet not a society of coöperative credit for these immigrants has been established from the beginning to the present time."<sup>37</sup>

A real beginning in the direction of coöperative agricultural credit was made last year through the influence of the Jewish Agricultural and Industrial Aid Society (174 Second Ave., New York City). Eight "credit unions" have so far been organized by this society, three in 1911 and five in 1912. Each union raised through the sale of shares (\$5.00 per share) to members \$500, and the Aid Society loaned it \$1000 more at 2 per cent interest. Loans are only granted to members for "productive purposes or urgent need." No loan may exceed \$100 nor can it be granted for a period extending over six months. Renewals may be made, but only after a partial payment of the original loan. Loans are made only upon two-name paper but the second name may be that of a non-member. Additional security may be demanded. Although the history of these credit unions has been brief their success has been pronounced. Up to June 30 of this year the average age of these unions was but seven months, yet their reports of that date showed a total membership of 240, shares outstanding amounting to \$4,180, and they had already granted loans aggregating \$17,755.<sup>38</sup>

<sup>36</sup> "Farmers' economic cooperation in the United States has developed enormously during the period under review [1896-1908], and it is safe to say that at the present time more than half of the 6,100,000 farms are represented in economic cooperation; the fraction is much larger if it is based on the total number of medium and better sorts of farmers to which the coöperators mostly belong." The most prominent objects are: Insurance, creameries, cheese factories, coöperative selling organizations of numerous kinds, coöperative buying organizations, coöperative warehouses, coöperative telephones, coöperative irrigation, etc. *Annual Report of the Secretary of Agriculture 1908*, pp. 183, 184.

<sup>37</sup> Quoted from a letter from Mr. George K. Holmes, Statistician of the Department of Agriculture, Washington, D. C.

<sup>38</sup> For information concerning the work of these coöperative credit unions

As previously mentioned,<sup>39</sup> the State Department at Washington, through our American embassies abroad and at the instigation of President Taft, is making an investigation of coöperative credit in Europe. The results are soon to be published and are to be used by the President as a basis of recommendations for some action in this country. Until that report is published it would be premature to make many suggestions concerning the adaptation of the Raiffeisen system, the Schulze-Delitzsch system, or any other system of coöperative agricultural credit to the needs of the United States. What is needed now—and possibly about all that will be needed in the future—is a campaign of education among the farmers themselves rather than one of legislation; although the development of such societies will doubtless be furthered in many states by legislation, such as was recently enacted in Massachusetts (ch. 419, Acts of 1909), freeing them from some of the hampering provisions of the general banking act of the state.<sup>40</sup> Conditions are so widely different in different sections of the country, and among different classes in the same section, that coöperative agricultural credit societies will need to be given a fairly free hand in such matters as limited or unlimited liability, the amount of share capital, receipt of deposits, etc., so that they may adapt themselves to local needs. A reasonable amount of government supervision

the writer is indebted to Mr. Leonard G. Robinson, the General Manager of the Jewish Agricultural and Industrial Aid Society, and the man largely responsible for the founding of these pioneer coöperative agricultural credit societies upon American soil. One of the best accounts of agricultural credit conditions in the United States the writer has seen is an unpublished address on "Scientific Farming and Scientific Financing," by Mr. Robinson, delivered at Cornell University last year. Cf. *Annual Report* of the society for 1911, and *Articles of Association and By-Laws of the Jewish Farmers' Coöperative Credit Unions*.

<sup>39</sup> *Supra*, p. 862. <sup>40</sup> With reference to this subject Mr. Robinson writes: "We encountered considerable difficulty in our organization of these associations because of the lack of legislation on the subject. We were, accordingly, obliged to organize our credit unions as voluntary or unincorporated associations. . . . The only state having any legislation on the subject is Massachusetts. I consider the Massachusetts coöperative credit union law admirable and have no doubt that sooner or later other states will follow in its footsteps. It would seem incredible, however, that, although the Massachusetts law has been on the statute books since 1909, not a single agricultural credit union has been organized."

Up to March 14, 1912, 22 coöperative credit unions had been organized in Massachusetts under the act of 1909, but none of them were among farmers.

on the part of the banking departments of the states seems desirable.

Passing now to the question of the better utilization of our existing banking machinery, we may consider it first from the standpoint of the government, then from that of the banks, and finally from that of the farmers themselves.

The provisions of the national banking act (*Revised Statutes*, sec. 5137) are too rigid in the matter of loans on real estate security. National banks are, of course, intended to be banks for business men, and their assets should be quick assets in so far as their liabilities are quick liabilities. But it should not be overlooked that the modern farmer is a business man, that he needs active credit for the efficient conduct of his current business, and that land is the only kind of collateral many farmers can give that is acceptable to bankers. Many worthy farmers are not willing and some are not able to secure satisfactory endorsers to their paper. Crop liens, except in the South, are not usually very acceptable to banks. The ability of the farmer to give mortgage security to national banks in case of need would often prove a great help. Furthermore, now that a majority of our national banks have savings departments,<sup>41</sup> and that savings deposits might wisely be made withdrawable subject to advance notice, it is not unreasonable that these banks should be permitted to invest at least a substantial part of their savings funds in the same kinds of mortgage securities that are open to the investment of funds of savings banks; provided, of course, that due care be taken to prevent the juggling of accounts between the commercial department and the savings department of the bank.<sup>42</sup>

Another form of desirable legislation in the interest of the farmer consists in the abandonment of our unscientific bond secured bank-note circulation for a scientific system, and in the rendering

<sup>41</sup> Figures compiled by the National Monetary Commission for the year 1909, show that of the 6585 national banks then in the United States (excluding island possessions and Alaska) 3511 reported savings accounts, with a total of nearly two million savings depositors, and savings deposits amounting to approximately \$760,000,000. S. Doc. No. 225, 61 Cong., 2 Sess., pp. 36-39.

<sup>42</sup> The proposal of the National Monetary Commission is certainly conservative enough on this point. It seeks to authorize national banks under proper regulations "to establish savings departments, and to lend . . . not more than 40 per cent of their savings deposits upon productive real estate, such loans not to exceed 50 per cent of the actual value of the property." *Final Report*, sec. 50.

of our deposit currency more elastic. The more the farmer resorts to bank credit as a means of financing his current business the more will he suffer from the seasonal inelasticity of our bank-note and deposit currency. Farming business is preëminently seasonal in character; the farmers over the greater part of the country need funds most at about the same times of the year, *i. e.*, the fall and spring. A great increase in the demand for currency and capital, say in the fall, under an inelastic currency and credit system like our own, means to the farmer, highest interest rates at just the time when he needs most to borrow, greatest scarcity of cash at just the time when his need for cash is the most urgent, and prices depressed by a tight money market at the time of the year when he has most to sell.<sup>43</sup> It is doubtful if any class of people in the country would benefit more from a thoroughgoing reform of our banking system than would the farmers.

The apportionment of responsibility between farmer and banker for their not having gotten together better is an impossible task. Although some exceptions must be made, particularly in the Middle West, as a general proposition neither has appreciated the opportunity which the other offered.

The banker must be brought to realize that one of the best kinds of paper in the world is short-time business paper bearing the names of two responsible farmers. He should be an adviser and friend to the farmer as much as to the city customer. He should make the farmer feel that a productive loan to him is not of the nature of a favor reluctantly granted—as so many farmers complain—but rather a business proposition profitable to both, as gladly given as it is received. He should further coöperate with the local business men in preparing financial ratings of farmers, to fill the gap left by the inability, to be hoped temporary, of mercantile credit agencies to rate farmers as extensively as they do other business men of like capital.<sup>44</sup>

<sup>43</sup> Cf. E. W. Kemmerer, "Seasonal Variations in the Relative Demand for Money and Capital in the United States," pp 224, 228-231. (*Report of National Monetary Commission*; S. Doc. No. 588, 61 Cong., 2 Sess.)

<sup>44</sup> I am indebted to R. G. Dun and Co., for the following reply to an inquiry on this subject. "It is not practicable to 'rate' farmers exactly as we do traders in merchandise, seeking credit in the wholesale markets. From these traders detailed statements of assets and liabilities are obtained and coupled with the results of our outside investigations.

"We could and do, however, make reports on the financial condition and

The farmer, on the other hand, must be educated by the banker, the press, and the agricultural school and college, to the advantages of credit as a means to the more efficient working of his farm. This should be done with caution for credit is a two-edged sword. The farmer should be encouraged to borrow only when it is very clear that he can use additional capital so productively that it will pay. But what industrious farmer could not use profitably some additional capital every year, could he obtain it at as reasonable rates as does the merchant? The farmer must learn to keep careful accounts. He must be made to realize that the banks are open to him as to other business men, and that the bulk of the country's short-time commercial loans, as likewise of the agricultural loans of Europe, are made on the very same security he is capable of giving, *i. e.*, two-name paper of honest, industrious business men.

E. W. KEMMERER.

*Princeton University.*

general standing of farmers, particularly those whom you refer to as 'well-to-do.' Reports of this character are somewhat more expensive than those on traders, for the reason that we rarely have more than one application for a report on a farmer, whereas inquiries for mercantile reports may average several per name."

## REVIEWS AND NEW BOOKS

### General Works, Theory and Its History

*Theorie der wirtschaftlichen Entwicklung.* By JOSEPH SCHUMPETER. (Leipzig: Verlag von Duncker und Humblot. 1912. Pp. viii, 548. 12 m.)

Economic theory passes through a preliminary stage of development in which it largely concerns itself with terms and basic concepts and in which its discussions have more to do with the dialectical mode of stating truths already known than with positive additions to human knowledge. In its next estate it makes real discoveries. It seeks and finds causes of known conditions and gains a power to answer such questions as, What forces tend to increase the reward of labor and to raise the level of human life? It is theory still, but it studies facts in their causal connection and the causes as well as the facts are of vital interest to humanity.

The recent work of Professor Schumpeter represents this type of research. It is largely a study of capital, interest, and profits, with an incidental inquiry into the causes of commercial crises. All these phenomena it connects with economic evolution, and it studies them as they appear in a world of change and progress. It thus makes an important addition to the limited amount of scientific literature which deals consciously and systematically with what is commonly termed "Economic Dynamics."

Professor Schumpeter recognizes the fact that a determination of static laws and standards furnishes the essential starting point in the search for laws of change and movement. He presents a unique conception of the static state, which will certainly interest readers and stimulate thought, whether it is accepted as correct or not. He reduces the elements which are necessary for production into land, including natural agents, and labor. Given the earth and man, and he will make the earth useful to him by efforts; and this is, of course, production. Empty-handed man working on crude nature can produce—in a rather microscopic amount, indeed—products that directly satisfy wants and constitute the "consumers wealth" of current discussion. Producing much of it requires tools; and when a full stock of these has been made and industry has become highly organized, a condition is created in which a worker gets finished goods day by day as his work proceeds. Each

one of these goods requires time in the making, and yet the producer does not have to wait for them. Laborers are able to eat as they work and the eating is the immediate consequence of the working. This synchronizing of labor and its fruits, as well as the multiplication of the fruits, requires capital; and it may be said, therefore, that capital is a condition of that kind of production which is organized, fruitful, and able to pay as it goes in fully "ripened" goods. Standing around the banks of a seething pool the laborers toss their product into it and at once draw out of it, in finished forms, what they need for daily use.

Whatever of controversy will arise concerning these truths is merely dialectical; but a real question of fact may be asked in this connection, namely, What return would accrue to the capital which accomplishes the results described if industry were in a static state? If this return furnishes a *standard* of dynamic interest—if it represents the amount to which the return for invested capital tends to conform in spite of the influences which make the actual interest vary somewhat from its standard, it is important to know what that static interest is. Professor Schumpeter's answer is that it is "*nil*." Two incomes only would exist if the sources of gain which depend on continual progress were closed. Land would yield rent, labor would secure wages, and the two would absorb the whole product of industry.

According to Professor Schumpeter all the return of capital itself is included in the gross profit accruing, in the first instance, to entrepreneurs. This gain is brought into existence preëminently by new combinations of the factors of production, and the making of these is the special function of the entrepreneur. The new coördinations are an element in progress and therefore a prominent subject of study in a work on economic evolution. The imaginary static state rules out these new coördinations and with them not merely the net profit, or the profit in excess of interest, but the whole profit, including interest. That special return which the investor as such can demand and get is the child of economic dynamics. The payment of it by the entrepreneur constitutes, in a certain sense, a tax on profit, though the circumstances which call for this tax are highly beneficial to the men who pay it. The argument in support of the thesis that no interest would exist in the static state constitutes one of the highly interesting parts of the work.

Dr. Schumpeter is in advance of many other writers in appreciating two classes of truth, one of which, looking at tools, etc. in detail, asserts that each of them involves waiting for its own particular fruits, while the other looks at capital as a great complex of productive instruments and on labor as an organized operation, and asserts that out of it all emerge products fully finished as fast as the labor is applied. He is in a position to discuss in a broad way the full part played, on the one hand, by time as an element in production and, on the other, by capital and organization as, in a sense, the antitheses of time and the synchronizers of labor and consumption. Such actual facts as are at the basis of the brilliant studies of von Böhm-Bawerk by no means contradict other truths concerning the action of capital and organization in maintaining a constant flow of consumers' wealth and in obviating the necessity for allowing an interval to elapse after the collective labor is applied before the fruits of it become available. That work with capital produces *more* than it would do without it and that it gets an *immediate* return instead of a distant one are facts which do not admit of contradiction, though modes of stating them will continue to differ.

Professor Schumpeter's work discusses commercial crises and treats them very properly as dynamic phenomena—the outcome of a certain unbalanced and uneven progress. It draws a distinction between the kind of change which presents no serious problems for solution and the kind which creates such problems. The mere growth of population and enlargement of the fund of capital would call for adaptations which would take place automatically and steadily, while the coördinations made by entrepreneurs cannot act evenly and extend throughout the whole system at once. To the irregularities in the action of such causes crises are chiefly due. In that part of the book which deals with this subject, as well as in other parts, the reader will find himself in a world of reality abounding in critical issues on which the work sheds welcome light.

JOHN BATES CLARK.

*Columbia University.*

*Laws of Wages. An Essay in Statistical Economics.* By HENRY LUDWELL MOORE. (New York: The Macmillan Company. 1911. Pp. viii, 196.)

The author of this essay begins with a number of economic



theories which have been arrived at deductively, and endeavors to test them by statistical data.

The statistical data studied indicate some relation between the cost of the means of subsistence and the wages of unskilled labor, though the coefficient of correlation is only  $r = .306$ . The relation to the "standard of life," as the expression is used by the author, is considerably closer, the net coefficient (after elimination of the money prices factor) being  $\rho = .628$ . In this case, the statistics collected show nothing regarding the truth or falsity of the theory that wages depend on the standard of living. The phrase "standard of living," in economic theory, means that amount of comforts *without which wage-workers will not reproduce their numbers*. Here it seems to mean the amount of comfort which at the time wage-workers happen to enjoy. That the comforts so enjoyed are in some relation to the wages received is what we should expect to find but the statistics given have no bearing upon the standard of living in the sense in which this standard is a determinant of wages, though the author, while admitting too low a correlation to assert cause and effect, appears to think it is that problem he is discussing. The wages of skilled laborers and of unskilled move in unison, the degree of the association being measured by  $\rho = .757$ .

In a chapter on wages and the productivity of labor, it is shown by statistics drawn from the history of coal mining in France that there is a very high degree of correlation ( $r = .843$ ) of wages and the value of the daily product of labor. It is also shown, so far as the industry of coal mining in France is concerned, that the fluctuation in the laborer's share of the product varies with the fluctuation in the amount of machine power per laborer, and therefore, presumably, with the relative amount of capital employed.

Perhaps the most interesting chapter is that entitled, Wages and Ability. According to the marginal productivity theory of wages, each wage-earner, and group of wage-earners, receives wages in proportion to his or their productivity, and, therefore, according to efficiency or ability. If this is a true theory, then the distribution of wages in any community, can be plotted on a curve similar to the curve showing distribution of ability. This the writer finds it possible to do in the field investigated.

Statistical study of strikes reveals the fact that there is considerable correlation between success of strikes and control of an

industry by labor unions. This does not prove that success is caused by union control, for success depends also, as the writer points out, on the subject of dispute, and it is possible that the established union is less apt to call strikes when the probabilities of success are low. Strikes for recognition of union and union rules are most likely to be successful.

A study of wages in relation to the concentration of industry (here the figures are drawn from Italian statistics) shows that in establishments of all sizes there is a rapid rise up to the ages of twenty-five to thirty-five years, succeeded by a slow decline, but that in the larger establishments the wages are higher at all ages, while the descent from the maximum is more rapid as old age approaches. This the writer believes to be explainable by the productivity hypothesis. The large establishments, by virtue of their great investment in plant, find it uneconomical to employ any but the most efficient, to whom high wages must be paid. Also, in the large establishments, there are fewer days a year of unemployment, the amount of employment from year to year is less subject to variations, and the working day is shorter.

The last chapter brings together, in a brief general discussion, the conclusions arrived at. On the whole, the book is a stimulating piece of statistical work. It will be fortunate for economic science when it can avail itself of a large mass of such statistical conclusions, both as verification of deductive reasoning and as data for further inference.

HARRY G. BROWN.

*Yale University.*

*History of Economic Thought. A Critical Account of the Origin and Development of the Economic Theories of the Leading Thinkers in the Leading Nations.* By LEWIS H. HANEY. (New York: The Macmillan Company. 1911. Pp. xvii, 567. \$2.00.)

Professor Haney has undertaken a task that no American economist has heretofore dared to attempt—a history of economic thought. For the courage which inspired such an effort, for the labor which its execution involved, there can only be high praise. It is a fine thing to have attacked Parnassus, even though the summit be not scaled.

The nucleus of the book is an unpublished manuscript by Pro-

fessor Ely on the history of political economy. Interest in *Dogmengeschichte* is not the least of Professor Ely's many services to economic study in the United States. The present reviewer gratefully recalls membership—as a yellowing manuscript on “Hobbes as an economist” attests—in a pioneer seminary course on “the economists before Adam Smith” given in Baltimore more years ago than is cheering to determine.

Using the Ely manuscript as a basis Professor Haney has expanded its scope and modified its treatment so materially that although projected originally as a joint composition, the book now appears by mutual consent as of single authorship, but with hearty and generous acknowledgment of indebtedness. This circumstance of origin throws some light upon the quality of the result. It is sometimes easier to write a new book than to revise and amplify an old one. Here the outcome is less than those who know and admire Dr. Haney's work feel satisfied would have resulted had a very much longer period of scholarly research been devoted to the ultimate undertaking, and had minuter preliminary study been made of particular periods of thought before a comprehensive survey was attempted. The reader puts aside this stout volume of five hundred and sixty pages with a haunting regret that its author has not hitched his wagon to a higher star and brought his conspicuous talents to bear upon the illumination of some of the regrettably dark places in the history of economic thought—before attempting the *magnum opus*.

The fact that the book is designed as “a textbook for the growing number of advanced students who study the history of economics,” rather than as an independent treatise, does not absolve responsibility for scientific definitiveness. Be it treatise or manual there will be dissent on the part of many scholars from the proposition which Professor Haney advances: “It is perfectly obvious that no writer of a book of this kind can have read carefully and completely all the works he mentions. Life is too short. Moreover, so to read would be a waste of time, even if life were longer. . . . Works of this kind can sometimes be ‘sampled.’ Traditional views, too, may often be tested in the same way.”

A work planned and executed in this spirit will inevitably fall short in places of scholarly standards. This defect takes the form not so much of positive error as of unconvincing exposition, in those parts where the secondary material available has not been

supplemented by independent inquiry. More serious as affecting accuracy of interpretation and clearness of criticism is an insufficient emphasis upon economic environment. The interrelation of life and thought in the modern era of economic study has been so intricate and intimate that any detached examination of texts is likely to prove arid in presentation and inadequate in result.

But although Professor Haney may not have read all the books to which he refers and has in but few places added by independent research to our pre-existing stock of doctrinal knowledge, he has been no mere student of glosses. In the first nine chapters of his book dealing with the so-called pre-scientific period, there is less intimacy of authorship and the result suffers by comparison with some existing narratives. But Adam Smith once reached, Professor Haney writes with surer hand and his text is in the main pleasing and helpful.

The composition shows throughout marks of haste and of insufficient stylistic revision, and here and there occurs an outright slip. But over and above such incidents there is disclosed ready acquaintance with commentaries, unusual facility in doctrinal synthesis and obvious effort to leave unmentioned nothing that is really essential.

JACOB H. HOLLANDER.

*Johns Hopkins University.*

*Das Verhältnis der Mehrwerttheorien von Karl Marx und Thomas Hodgskin.* By CARL KOEPP. Studien zur Sozial- Wirtschafts- und Verwaltungsgeschichte, 6. (Vienna: Carl Konegen. 1911. Pp. xviii, 289. 7 m.)

There is evidence of a renewed interest in the English socialists of the early nineteenth century, whom, some time ago Professor Foxwell introduced to English readers and Professor Anton Menger to German. German translations have recently been made of the extremely rare works of these writers; M. Halévy has written an interesting and detailed life of Hodgskin, and now we have as a dissertation from the University of Vienna, a careful study of the relations of Hodgskin and Karl Marx. It is possible that the recent growth of socialism in Great Britain is responsible for awakening interest in this group of thinkers, of whom scholars have long been content with only a vague knowledge. It seems more likely, however, in the case of Dr. Koepp, and possibly of most

German scholars, that the original impulse comes from a predominant interest in Karl Marx, and spreads from him to other writers who have relationship with the great German. Dr. Koepp, for example, studies Hodgskin's economics which can be compared with the Marxian theory, and does not enter into a consideration of the Englishman's philosophy of individualism.

Dr. Koepp's dissertation is almost equally divided into two parts: the first a critical comparison of Hodgskin and Marx, and the second a series of translations consisting of parts of Hodgskin's published works, of the closing chapter of Halévy's biography of Hodgskin, and, what is more valuable because the originals are less available, letters from Hodgskin to Francis Place, preserved among the Place manuscripts in the British Museum. Dr. Koepp, therefore, presents to his readers material for a comprehensive estimate of Hodgskin's theories.

It is, of course, the critical portion of the work which has for English readers greater interest. Dr. Koepp introduces his study by a comment on the literature which has gathered about Hodgskin. One begins to suspect from his comments on the opinions of various English writers that the new national rivalry is being reflected into the realms of scholarship, as was the German-French hostility of a generation ago. This suspicion, however, is not borne out by the sober conclusion of the work.

Dr. Koepp's three chapters on value, wages, and interest, he regards only as steps in the examination of the theory of surplus value. His opinions on this subject it seems well to quote somewhat fully. Hodgskin and Marx agree, he finds, in their main contention, namely, that interest, rents and profits are produced by the laborer in unpaid labor time and represent that part of his product which is over and above the means of subsistence. The two theories diverge because Hodgskin lacks a formal and systematic presentation. He has nothing to correspond to the peculiar Marxian terminology and refinements, although Dr. Koepp finds occasional indications of distinctions not consistently adopted, as, for example, between surplus value and profits in the Marxian sense. Hodgskin does not even see the problem Marx toiled so laboriously to solve, namely, that profits accrue equally to the employer of much and of little labor. Marx had read and even quotes Hodgskin, and was undoubtedly much indebted to him. Dr. Koepp points out, however, that if one may say that Hodg-

skin's theory was a corner stone, one cannot say that it was *the* corner stone of Marx's teaching.

Dr. Koepp employs the method of detail for which German scholarship has been famous. One may hope that in his future work the material will respond more richly to the method. It is to be noted that the employment of German abbreviations where Latin are customary and even where abbreviations are not at all usual, offers an occasional stumbling-block to the foreign reader.

ESTHER LOWENTHAL.

*Smith College.*

*Ausgewählte Lesestücke zum Studium der politischen Oekonomie.*

By KARL DIEHL and PAUL MOMBERT. Volumes II and III.  
(Karlsruhe: G. Braun. 1911. Pp. vi, 216; viii, 208.)

The first volume (on Money; cf. AMERICAN ECONOMIC REVIEW, December, 1911, p. 802) of Diehl and Mombert's "Selected Readings" has now been followed by volume two, on Wages, and volume three, on Rent. They are on the same plan as the first, except that there is a single comprehensive introduction at the beginning of the volume, in place of the short introductions which in volume one precede the individual selections. This change is an improvement, as it places before the reader not only a summary of the book but a connected (even if sketchy) outline history of the development of economic thought on the particular topic to which the volume is devoted.

The readings on wages seem to fall into two classes; they are either pessimistic or optimistic. This apparently artificial mode of selection is, however, simply a resultant and a recognition of the prominent role which a particular doctrine—the wage-fund theory—has played in economic thinking. If the wage-fund theory was unable to descry the slightest gleam of hope for the wage-earning classes, it is an easy matter to find theories which are equally extreme in the opposite direction. And it is often the pessimism of the one set of theories which has engendered the optimism of the other. Some such consideration has apparently dictated the choice of selections in the present volume.

The book opens with excerpts from James Mill, Senior, and Ricardo, who stand for the wage-fund idea, and a passage from Lassalle's *Offenes Antwortschreiben*, which presents the "iron law" in all its rigidity. So far the gloom is broken only by the views

of Herrmann (seeming very modern for the year 1832), that the source of wages is in the power of consumers to purchase the products of labor.

Selection number six is from Brentano. He feels that the disadvantages of the laborer, instead of being the corollary of an inadequate wage fund, are due to exigencies of the contractual relation, and may be remedied by legislation.

Next in order come the views of Marx as to the progressive impoverishment of the wage-earners as capital accumulates. But the book closes with a burst of optimism from the American, H. C. Carey, to the effect that progress and the growth of capital constantly improve the lot of the man who sells his labor. The volume might have been brought up to date by the inclusion of Professor Clark's optimistic specific-productivity theory.

Volume three, on Rent, begins with Quesnay's *Tableau Economique*, and Adam Smith's views as given in book I, chapter 4, of the *Wealth of Nations*. The Ricardian theory is then exemplified by a passage from Ricardo himself, and one from von Thünen. The views of Mangoldt are given as an attempt at a more generalized rent concept, and Marshall's effort to reconcile new and old—in his doctrine of "quasi-rents"—follows. Selection seven is from Carey, and gives his well-known attack on the Ricardian doctrine.

As the views of Marx on rent are too voluminous for this collection, the authors print an excerpt from Rodbertus as representative of the socialist view. Rent exists as one of the forms under which the value created by labor is appropriated by the landlord. Finally the volume concludes with a characteristic passage from Henry George's *Progress and Poverty*.

The authors of these "Selected Readings" may have considered it impossible to give adequate representation, in any of the three volumes, to the views which are held by economists of the present day. In the first two their failure to do so does not leave the reader with any very serious feeling of incompleteness. But the modern discussion of the rent concept has had so vital a bearing on the Ricardian doctrine, and has had such clear-cut results, that volume three seems to reach only an anti-climax with Rodbertus and Henry George.

The reviewer still feels that such collections are well worth while, but they must always be in a certain sense unsatisfactory because of their inevitable omissions.

*Princeton University.*

WALTER ADRIANCE.

*Der Wert im Gesetze.* By ERNEST FELDER. (Innsbruck: Verlag der Wagner'schen K. K. Universitätsbuchhandlung. 1912. Pp. viii, 166. 4 m.)

Although intended chiefly for jurists, this work is of interest to economists as showing one phase of the intimate relation that obtains between economics and jurisprudence. A large part of the book is given to a summary of Austrian laws and judicial decisions relating to value, especially in regard to property and contracts. There is, naturally, a lengthy discussion of compensation for damages to property and persons.

Value, as defined by Dr. Felder, is the importance of anything as contributing to the attainment of some end; and the opposite of value is that which prevents such attainment. Ends, therefore, must be classified and arranged in order of importance that law-makers and judges may have a just idea of relative values. For all that, it must be admitted that there is no accurate measure of value other than value in exchange as expressed in price, the money value by which people measure both satisfactions and deprivations. Thus, compensation may be awarded for a breach of contract to marry, and even an offense to honor may be estimated in terms of money.

It is greatly to be regretted that the learned author died while in the midst of his work and that the third part, which was to have dealt with the concept of value in the laws of other countries, was left unfinished.

J. E. LEROSIGNOL.

*University of Nebraska.*

*The Economic Principles of Confucius and his School.* By CHEN HUAN-CHANG. Columbia University Studies in History, Economics and Public Law, Vols. XLIV, XLV. (New York: Longmans, Green and Company. 1911. Pp. xiii, 756. \$5.00.)

This formidable work is wider in scope than its title indicates, for it constitutes a compendium of Chinese economic thought analyzed and grouped according to the structure of modern political economy. Moreover, the numerous comments on economic conditions and changes reflected in the writings of the philosophers throw a great deal of light on Chinese economic history. Offspring of a happy union of Western training and Confucian



scholarship this work will take a unique place in economic literature and will do much to open the eyes of the West to the worth of Chinese thought and the richness of Chinese experience. Many interesting contrasts are brought out between the development and civilization of the white race and that of the yellow race.

The reverent spirit of the author toward the sacred writings of his race causes him to fail at points where frank criticism and evaluation of Chinese doctrines is in order. He is tender with doctrines and policies that are not only unsound now, but were unsound when they were put forth. No doubt, too, he reads into the cryptic utterances of the sage certain modern distinctions that are not there. One wonders that a treatise printed in a western language should date events in Chinese history by the Confucian calendar, the date Anno Domini being given in parenthesis. All these, however, are slight blemishes on a work of high and conscientious scholarship. Western thinkers will be grateful to the devoted Confucian who has made accessible a Chinese system of thought that is not only a political economy, but also an ethics and a sociology.

EDWARD ALSWORTH ROSS.

*The University of Wisconsin.*

#### NEW BOOKS

- BUNDSMANN, E. *Das Kapital. Wirtschafts-theoretische Skizzen.* (Innsbruck: Wagner. 1912. Pp. 53. 2 m.)
- CONRAD, J. *Grundriss zum Studium der politischen Oekonomie.* Sixth edition. (Jena: Fischer. 1912. Pp. xvi, 662. 13 m.)
- CONRAD, O. *Die Lehre vom subjektiven Wert als Grundlage der Preistheorie.* (Leipzig: Deuticke. 1912. Pp. 104. 2 m.)
- CONSENTINI, F. *Sociologia: genesi ed evoluzione dei fenomeni sociali.* (Torino: Unione tip. ed. 1912. Pp. 707. 10 l.)
- DUPREEL, E. *Le rapport social. Essai sur l'objet et la méthode de la sociologie.* (Paris: Alcan. 1912. Pp. iv, 304. 5 fr.)
- EHRENBERG, R. *Zur Einführung in die exakt-vergleichende Wirtschaftsforschung.* (Jena: Fischer. 1912. Pp. 106.)
- A collection of articles from "Archiv für exakte Wirtschaftsforschung."
- FISHER, I. *Elementary principles of economics.* (New York: Macmillan. 1912. Pp. xxviii, 531, diagrams. \$2.)
- GRAZIANI, A. *Teorie e fatti economici.* (Torino: Bocca. 1912. Pp. 504. 6 l.)
- HARMS, B. *Volkswirtschaft und Weltwirtschaft. Versuch der Begründ-*

*ung eines Weltwirtschaftslehre. Probleme der Weltwirtschaft, VI.* (Jena: Fischer. 1912. Pp. xv, 495. 14.50 m.)

HERCKENRATH, C. R. C. *Die ökonomischen Bedingungen des sozialen Lebens. Vol. I, Bedürfnis, Genuss und Wert.* (Berlin: J. Schweitzer. 1912. Pp. 188. 4.50 m.)

The book is largely a catalogue, with cursive comments of economic wants and economic goods, together with a rather brief presentation of a theory of value. The author's psychology is essentially hedonistic, and his theory of value is largely that of Jevons, from whom he quotes a good many passages. There is little new, and not much that is interesting, in the book.

B. M. ANDERSON, JR.

KLEINWAECHTER, F. *Das Wesen der städtischen Grundrente.* (Leipzig: Hirschfeld. 1912. Pp. xii, 234. 5.50 m.)

MASSIE, J. *The natural rate of interest.* (Baltimore: Johns Hopkins University. 1912. Pp. 56. 50c.)

One of the reprints of economic tracts edited by Professor Hollander.

MOMMEJA, F. *Enquêtes économiques.* (Paris: E. Guilmoto. 4 fr.)

MURRAY, R. A. *Sommari di lezioni di economia politica.* (Florence: Sansoni. 1911. Pp. xv, 198.)

PRIBRAM, K. *Die Entstehung der individualistischen Sozialphilosophie.* (Leipzig: Hirschfeld. 1912. Pp. v, 102. 2.80 m.)

QUARITSCH, A. *Kompendium der Nationalökonomie.* Eighth edition. Revised by C. Goesch. (Berlin: W. Weber. 1912. Pp. 192. 3 m.)

RYAN, J. A. *A living wage; its ethical and economic aspects.* With an introduction by R. T. ELY. (New York: Macmillan. 1912. Pp. xvi, 331. 50c.)

SCHULTZE-DELITZSCH, H. *Schriften und Reden.* Volumes I-IV. (Berlin: J. Guttentag. Pp. xxxiv, 2835. 30 m.)

SENSINI, G. *La teoria della "rendita."* (Rome: Ermanno Loescher. 1912. Pp. 469. 10 l.)

Comparison of the doctrines of Ricardo and Carey.

SMART, W. *The distribution of income.* Second edition. (London: Macmillan. 1912. Pp. xix, 345. 3s. 6d.)

TOURNYOL DU CLOS, J. *Les idées financières de Montesquieu.* (Paris: Giard et Briere. 1912. 1.50 fr.)

WAGNER, A. *Lehr- und Handbuch der politischen Oekonomie in einzelnen selbständigen Abteilungen.* (Leipzig: C. F. Winter. 1912. Pp. viii, 243. 5 m.)

## Economic History and Geography

*Weltwirtschaftliche Studien. Vorträge und Aufsätze.* By HERMANN SCHUMACHER. (Leipzig: Verlag von Veit und Comp. 1911. Pp. 574. 12 m.)

Most of the addresses and papers included in the book by Hermann Schumacher have appeared in scientific journals, some of them nearly twenty years ago. Several are the result of extended journeys which the author made in the United States and Eastern Asia in 1893 and again in later years.

One group comprises three papers on money and banking in the United States and Germany (pp. 1-208). The first of these is an excellent general account of the "money panic" of 1907 with special reference to its economic and legislative causes and its European effects. The other two deal with reforms in the German banking system which the panic of 1907 showed to be necessary, and with the concentration of banking in Germany in contrast to its decentralized condition in the United States.

Another group deals with the organization of commerce, including a paper (pp. 430-463) devoted to the organization of foreign commerce in China, shorter papers on the establishment of commercial museums in Germany and of German chambers of commerce abroad, together with an extensive paper (pp. 209-401) devoted to the organization of the grain trade in the United States. Though dating from 1895-1896, this paper presents the best compact, general treatment of the subject known to the reviewer. It would be well worth while for some one to translate this and bring it down to date, using the extensive special literature which has accumulated since 1896.

An important recent paper on the migrations of large scale manufacturing industries in Germany and the United States stands in a class by itself. It may be regarded as an outgrowth of Weber's noted work. Such migrations are interpreted in terms of raw materials, motive power, hand labor, machine labor, transportation and markets, which account for the drift to the periphery in Germany and to the interior in the United States.

A fourth group has to do with shipping and navigation. Here belong two papers on the financial management of inland waterways, and on German shipping interests in the Pacific. Though written before the Panama route had been definitely chosen, considerable attention is given to the probable effects of an interoceanic canal.

Finally, a series of briefer pieces in the appendix is devoted to the educational reactions and implications of modern world economics. The author served, in 1901, as Studiendirektor der Handelshochschule at Köln; and in 1906 as the first Kaiser-Wilhelm Professor at Columbia University, his inaugural address there forming the concluding piece in the volume.

In general the author is interested in practical rather than theoretical matters, the private viewpoint tends to predominate, and the principal underlying idea, which comes clearly to view in the preface, is the promotion of German foreign commerce. The book abounds in clear and vigorous writing, and notwithstanding that many of the papers are rather out of date, it contains much valuable material. Unfortunately there is no index and no table of contents except the chapter titles.

EDWARD VAN DYKE ROBINSON.

*Kritische Studien zur Literatur und Quellenkunde der Wirtschaftsgeschichte.* By KARL BRAUER. (Leipzig: Verlag von Veit und Comp. 1912. Pp. 89. 2.40 m.)

This essay must be judged not as an attempt at a comprehensive survey of the sources and literature of economic history, but rather as more or less fragmentary contributions to the subject, which the author promises to continue in a later publication. It is confined chiefly to the field of German economic history, and singles out in that, for detailed treatment, certain classes of sources, and sources on certain topics (landed property, population, money) to the neglect of others. It will be a useful addition to the working library of any student of European economic history. But it is directed not so much to the reader as to the editor of the sources; and the reader will benefit by it indirectly, if its message reaches the ears of those who are higher up in the hierarchy of scholarship and who determine the form in which the source material appears. The author should receive cordial support in his demands that source collections be provided with indexes of subjects as well as of persons and places; that statistical items be condensed and summarized, and the numbers given in Arabic numerals; and that the editors of land records should do more than they have done to elucidate the topographical questions involved.

*Yale University.*

CLIVE DAY.

*L'Italia Economica nel 1911.* By RICCARDO BACHI. Published as a supplement to "Riforma Sociale." (Torino: Società Tipografica Editrice Nazionale. 1912. Pp. xvi, 249. 5 l.)

This annual compendium of economic and social developments in Italy deserves wider use. Though ostensibly now in its third year, it somewhat resembles a work published with the same title for two or three years previously, by Pinardi and Schiavi. It valuably supplements the *Annuario Statistico*.

The first half of Professor Bachi's volume deals successively with foreign commerce—shipping, exports and imports in relation to home production; banking—note issue, reserves, various special credit institutions; financial markets—fluctuations of securities and of foreign exchange; wholesale prices for many articles with percental changes from previous years; agricultural and manufacturing output; railways and shipping—extent, direction and kinds of service, rates, company agreements, etc.; labor—unemployment, wages, agreements, strikes, migration; savings institutions; national finance. The information is statistical, descriptive, interpretative; apparently as reliable as possible. Generally statistics are for months as well as for the year, but some ten-year summaries are given.

The second half of the volume deals with the year's changes, or agitated changes, in law, private policy, and institutions. Tariff history and controversies, colonial relations, chamber of commerce reforms, stock exchange problems; legislation on manufacturing, banking, forestry, agriculture; new developments in agricultural and social insurance (for example, an account of the new state life insurance monopoly); the protection of labor; workmen's and employers' associations; coöperation and housing; municipal effort to reduce prices; transportation—such diverse subjects are treated and their salient changes concisely noted, with a sense of balance.

An appendix provides a well-classified list of the year's economic and social literature. To students who, for their knowledge of Italian affairs, have been forced to cull from scattered and ill-edited sources, the volume should be of signal utility.

ROBERT F. FOERSTER.

*Harvard University.*

#### NEW BOOKS

ALLSOPP, H. *An introduction to English industrial history.* (London: Bell. 1912. Pp. 151. 2s.)

- ASPINALL, A. E. *The British West Indies, their history, resources, and progress.* (London: J. Pitman. 1912. Pp. 448. 7s. 6d.)
- BELL, H. T. M. and WOODHEAD, H. G. W. *The China year-book.* (London: Routledge. 1912. Pp. xxxvi, 468. 10s.)
- BOURGIN, G. and H. *Le régime de l'industrie en France de 1814 à 1830: Recueil de textes publiés pour le Société d'Histoire Contemporaine.* (Paris: Picard. 1912. Pp. xxi, 381. 8 fr.)
- BRUNET, M. *La brèche maritime allemande dans l'Empire colonial anglais.* Preface by M. DUBOIS. (Paris: E. Guilmoto. 1912. Pp. 169. 3.50 fr.)
- BUTLER, C. V. *Social conditions in Oxford.* (London: Sidgwick & Jackson. 1912. Pp. 270. 4s. 6d.)
- G. CAHEN. *Le livre des comptes de la caravane russe à Pékin en 1727-1728.* (Paris: Alcan. 1911. Pp. xii, 148.)
- CAPUS, G. *Les produits coloniaux; origine, production, commerce.* (Paris: Colin. 1912. Pp. xvi, 687, illus. 7 fr.)
- COPPIETERS, D. and VAN ACKERE, J. *Le régime minier du Congo belge.* (Brussels: J. Gomaere. 1911. Pp. 288. 7.50 fr.)
- DECKER, G. P. *The riparian right and power conservation in New York.* (Rochester, N. Y.: G. P. Decker. 1912. Pp. 42. \$1.)
- DOMVILLE, F. C. W. *The United States of Brazil.* (New York: Pott. 1912. Pp. 249. \$2.50.)
- DOPSCH, A. *Die Wirtschaftsentwicklung der Karolingerzeit, vornehmlich in Deutschland.* (Weimar: H. Bohlhaus. 1912. Pp. x, 374. 9 m.)
- ELDER, J. E. *The royal fishery companies of the seventeenth century.* (London: Lechese. 1912. Pp. 144. 5s.)
- FOSTER, W., editor. *The English factories in India, 1637-1641; a calendar of documents in the India Office, British Museum, and Public Record Office.* Volume VI. Published under the patronage of the Secretary of State for India in Council. (New York: Oxford University Press. 1912. Pp. 46, 339. \$4.15.)
- FRACCARETA, A. *Le forme del progresso economico in Capitanata.* (Naples: Luigi Piero. 1912. Pp. 173.)
- GRUBER, C. *Wirtschaftsgeographie mit eingehender Berücksichtigung Deutschlands.* (Berlin: Teubner. 1912. 2.40 m.)
- GUERIN, L. *Le développement économique de la France.* (Paris: Rousseau. 1912.)
- HASSE, A. R. *Index of economic material in documents of the states of the United States. Ohio, 1784-1904.* Two parts. (Washington: Carnegie Institution. 1912. Pp. 1136. \$14.)
- HEBER, E. A. *Japanische Industriearbeit. Probleme der Weltwirtschaft, VII.* (Jena: Fischer. 1912. Pp. viii, 282. 9 m.)

HERUBEL, M. A. *La France au travail*. Vol. II. *En suivant les côtes de Dunkerque à Saint-Nazaire*. (Paris: P. Roger et Cie. 1912. 4 fr.)

KELLER, A. G. and BISHOP, A. L. *Commercial and industrial geography*. (Boston: Ginn. 1912. Pp. v, 357. \$1.)

KELLCOTT, W. E. *The social direction of human evolution*. (New York: Appleton. 1912. Pp. xi, 249. \$1.50.)

To be reviewed.

LATIFI, A. *The industrial Punjab*. (New York: Longmans. 1911. Pp. xxvii, 304. 4s. 6d.)

LAURENT, T. *Le développement économique de la France. L'industrie métallurgique*. (Paris: Rousseau. 1912.)

LEVY, R. *Histoire économique de l'industrie cotonnière en Alsace. Etude de sociologie descriptive*. Preface by R. MAUNIER. Paris: Alcan. 1912. Pp. xxv, 318, diagrams. 10 fr.)

MARION, H. *La dime ecclésiastique en France au XVIII<sup>e</sup> siècle et sa suppression*. (Bordeaux: Imp. de l'Université. 1912. Pp. xx, 403.)

MARTIN, E. *Histoire politique et financière de l'Angleterre 1046-1912*. (Paris: Alcan. 1912.)

MARTIN, P. F. *Peru of the twentieth century* (New York: Longmans. 1911. Pp. 348, illus. \$4.20.)

MCCULLOCH, J. E., compiler. *The call of the new South. Addresses delivered at the Southern Sociological Congress, May 7-10, 1912*. (Nashville, Tenn.: Southern Sociological Congress. 1912. Pp. 378. \$2.)

MOORE, M. F. *Two select bibliographies of mediaeval historical study*. (London: Constable. 1912. 5s.)

The second bibliography gives a classified list of works relating to English manorial and agrarian history to the year 1660.

MYRICK, H. *A national view of southern development*. (New York: Judd. 1912. Pp. 3, 42. 75c.)

NAYLOR, W. *Trades waste. Its treatment and utilization. With special reference to the prevention of river pollution*. (New York: Van Nostrand. 1912. Pp. 283, illus. \$6.50.)

NEUMANN, A. *Die Bewegung der Löhne der ländlichen "freien" Arbeiter im Zusammenhang mit der gesamtwirtschaftlichen Entwicklung im Königreich Preussen gegenwärtigen Umfangs vom Ausgang des 18 Jahrhunderts bis 1860*. (Berlin: Parey. 1911. Pp. viii, 400. 7 m.)

OGG, F. A. *Social progress in contemporary Europe*. (Chautauqua, N. Y.: The Chautauqua Press. 1912. Pp. vii, 368. \$1.50.)

VON POHLMANN, R. *Geschichte der sozialen Frage und des Sozialis-*

- mus in der antiken Welt*. Two volumes. Second edition, revised and enlarged. (Munich: C. H. Beck. 1912. Pp. xv, 610; xii, 644.)
- PORTER, G. H. *The progress of the nation in its various social and economic relations from the beginning of the 19th century*. New edition, revised and brought up to date by F. W. HIRST. (London: Methuen. 1912. p. 754. 21s.)
- RODWAY, J. *Guiana: British, French, and Dutch*. South American series. (New York: Scribner. 1912.)
- SALMON, S. *An introductory economic history of England*. (New York: Longmans. 1912. Pp. 138. 1s. 6d.)
- TOURNYOL DU CLOS, J. *Les amortissements de la propriété ecclésiastique sous Louis XIII (1639-1640)*. (Paris: Giard et Brière. 1912. Pp. 306.)
- WHIDDEN, G. C. and SCHOFF, W. H. *Pennsylvania and its manifold activities*. (Philadelphia: Twelfth International Congress of Navigation, Wilfred H. Schoff, Chairman Committee on Publications. 1912. Pp. 287.)
- WRIGHT, M. J. *The social evolution of woman*. (Philadelphia: Martin & Allardyce. 1912. Pp. 48. \$1.)
- *The new Canada. A survey of the conditions and problems of the Dominion by the Canadian correspondent of "The Times."* (London: The Times. 1912. Pp. 118. 1s.)
- *Catalogue of parliamentary papers, 1901-1910. Being a supplement to catalogue of parliamentary papers 1801-1900*. (London: King. 1912. Pp. 81. 5s.)
- *Report of the joint committee of the legislature on the conservation of water*. (Albany: State Department. 1912.)

## Agriculture, Mining, Forestry, and Fisheries

### NEW BOOKS

- DECUPIS, C. *Le vicende dell' agricoltura e della pastorizia nell' agro romano*. (Rome: Tip. Naz. Bertero. 1911. Pp. 789. 5 l.)
- ELIAS DE MOLINS, J. *La Asociationy Cooperacion Agricolas. Estudio social agraria*. (Barcelona: Impr. Barcelonesa. Pp. 371. 6 ptas.)
- FRECH, F. *Deutschlands Steinkohlenfelder und Steinkohlenvorräte*. (Stuttgart: E. Schweizerbart. 1912. Pp. x, 165. 16 m.)
- KEATINGE, G. *Rural economy in the Bombay Deccan*. (London: Longmans. 1912. Pp. xxii, 212. 4s. 6d.)
- MAW, P. T. *Complete yield tables for British woodlands and the finance of British forestry*. (London: Crosty Lockwood. Pp. 120. 7s. 6d.)
- MCLEISH, J. *Mineral production of Canada*. Bulletin 143, Canada Department of Mines. (Ottawa: 1912. Pp. 328.)



- MENARD, A. *Enseignement agricole et ménager, agriculture, hygiène, travaux du ménage*. (Paris: H. Vuibert. 1912. Illus. 1.50 fr.)
- MUELLER, E. *Der Grossgrundbesitz in der Provinz Sachsen. Eine agrarstatistische Untersuchung*. Sammlung nationalökonomischer und statistischer Abhandlungen des staatswissenschaftlichen Seminars zu Halle, 67. (Jena: Fischer. 1912. Pp. vii, 128. 5 m.)
- PETROBELLI, E. *Agricoltura vissuta: ricordi e consigli mese per mese, ordinati ed aggiornati da Arrigo Marchiori*. (Casale: Tip. ditta C. Cassone. 1912. Pp. 493. 5 l.)
- PROTHERO, R. E. *English farming. Past and present*. (New York: Longmans. 1912.)
- RENARD, G. and DULAC, A. *L'évolution industrielle agricole depuis cent cinquante ans*. Collection de l'histoire universelle du travail. (Paris: Alcan. 1912. Pp. 458. 5 fr.)
- SCHMIDT, A. *Cotton growing in India*. (Manchester. 1912. Pp. 113.)
- SKINNER, H. M. and MCCREDIE, A. L., editors. *Library of agriculture. Vol. I, History of agriculture. Vol. II, Crops and crop rotation. Vol. VII, Forestry and landscape gardening*. (Chicago: Cree Pub. Co. 1912.)
- TAMARO, D. *Trattato completo di agricoltura*. (Milano: U. Hoepli. 1912.)
- WEYHMANN, A. *Das lothringische Petroleumbad Walschbronn im 16. Jahrhundert und die Anfänge der elsässischen Bitumen-Industrie. Wirtschaftsgeschichte, 2*. (Saarbrücken: A. Weyhmann. 1912. Pp. 54. 1.50 m.)
- *The agricultural output of Great Britain. Report on enquiries made by the Board of Agriculture and Fisheries in connection with the Census of Production Act, 1906*. (London: Wyman. 1912. Pp. 62. 9d.)

## Manufacturing Industries

### NEW BOOKS

- BIELSCHOWSKY, F. *L'industrie textile dans le rayon de Lodz*. (Leipzig: Duncker & Humblot. 1912.)
- BOERNER, A. *Kölner Tabakhandel und Tabakgewerbe, 1628-1910*. Veröffentlichungen des Archivs für rheinisch-westfälische Wirtschaftsgeschichte, 2. (Essen: Baedeker. 1912. Pp. xiii, 249. 6 m.)
- BONNET, J. L. *Les boulangeries et les boucheries municipales et les petits commerçants*. (Paris: Comité exécutif du parti radical. 1912.)

CRAIG, A. *Primer of industry*. (New York: World Book Co. 1912. Pp. 80. 30c.)

TANNER, A. E. *Tobacco from the grower to the smoker*. Pitman's common commodities of commerce. (New York: Pitman. 1912. Pp. 118. 1s. 6d.)

WACHENFELD, H. *Die deutsch-englische Frage unter besonderer Berücksichtigung der Eisenindustrie*. (Lubeck: M. Schmidt. 1912. Pp. 47. 0.60 m.)

————— *The American lumber industry. Official report, 10th annual convention of the National Lumber Manufacturers' Association*. (Chicago: Leonard Bronson, Stock Exchange Bldg. 1912. Pp. 238. \$1.)

————— *Die Schwereisenindustrie im deutschen Zollgebiet, ihre Entwicklung und ihre Arbeiter*. (Stuttgart: A. Schlicke. 1912. Pp. xiv, 631. 7.50 m.)

————— *I, Zuckerindustrie. II, Spiritusindustrie*. Verhandlungen der vom K. K. Handelsministerium veranstalteten Kartellenquete. (Vienna: Hof- und Staatsdruckerei. 1912. Pp. iii, 193; iii, 163. 2.50 m. each.)

### Transportation and Communication

*The American Transportation Question*. By SAMUEL O. DUNN. (New York: D. Appleton and Company. 1912. Pp. xi, 289, vii. \$1.50.)

A great change has taken place in the last ten years in the tone of books devoted to the transportation question. In the period of the seventies, eighties, and nineties, this literature, with few exceptions, had a distinct point to emphasize of a partisan character. The object of the earlier controversy has now been conceded, however, by all parties to the discussion; and no longer is the authority of the state to regulate or even to own the railroads, if it be deemed wise, questioned. This is a great gain in the movement toward constructive legislation. Then authors advocated; now they are content to discuss problems, trying to answer the question of how to deal with them in the wisest way. It is to this class of books that the one under review belongs. It is distinctly a helpful book. As becomes a man who has edited a journal devoted to railway matters, Mr. Dunn argues, and generally conclusively, for a larger and saner attitude toward the regulation of railways. He says in the last chapter of the book,

"To make government regulation of railroads fair and successful, the faulty state on the side of the reactionary that would fall short of, and the faulty state on the side of the radical, that would exceed, what is right must equally be avoided. No right of the public should be left unprotected. But no restriction or burden that the protection of the rights of the public does not clearly require should be placed on the railroad." This is the thesis of the book. The twelve chapters deal with rate-making, discrimination, valuation and profits, efficiency, railways and waterways, and government regulation.

While accepting the principle of what the traffic will bear, Mr. Dunn frankly admits that it is subject to limitation; the rate should be determined between the value of service to the shipper and the additional cost to the railway. The difference between this view and the usual one is the recognition that cost is and must be one of the factors in determining rates, but it is the minimum factor as against the maximum one, the value of the service. The outcome of the author's position is that there must be discrimination in rates involving the problem of when such discrimination is fair and what returns a railroad should have in order that it may give good and adequate service. It follows that all classification is discrimination, and discrimination between places is often forced by economic conditions over which the railroad has no power. As to discrimination between persons the author invokes wider authority for the Interstate Commerce Commission in making minimum rates, and calls attention to the fact that the railroad is often forced into discrimination which it would not willingly commit.

Mr. Dunn rejects as unsatisfactory the various methods of determining the relation of valuation and profits, suggesting in turn the earning of fair rates on total value, including the physical value and the utility of the road to the public. This is, of course, the controversy at issue. How long shall railroads be permitted to capitalize the growth of value made by community development? The statement that they should have the same chances and profits as other private enterprises, is the thing the public has had most feeling about; and involves the definition of public and private business. It would be a wrong inference to suggest that Mr. Dunn looks at the matter wholly from a railroad point of view, but, as in other departments of business, there must be left some incentive

for managers of railroads to work for. Efficiency is more likely to be produced by giving the railroads latitude under such legislation as may be passed, than by holding them to maximum earnings and minimum rates.

In pointing out the difference between the canal service of Europe and the possible use of rivers in America, the author has checked any hasty generalizations that may be made on the use of waterways in America. In Europe the rivers flow in the same direction as the movement of commerce, and freight rates are higher than on our railroads. A big question arises as to the value of expenditures when commerce is not likely to use the improvements if made.

Each chapter indicates care regarding facts and statement of argument; the book is distinctly sane, and shows the railway view at its best.

FRANK L. McVEY.

*University of North Dakota.*

*Railway Transportation. A History of its Economics and its Relation to the State.* By CHARLES LEE RAPER. (New York: G. P. Putnam's Sons. 1912. Pp. 331. \$1.50.)

Professor Raper states in his preface that the chief purpose of his book is to revise and enlarge Hadley's work on *Railroad Transportation*. As was inevitable, however, in bringing to date a book written twenty-seven years ago, the material added has greatly exceeded in quantity the original text. Also considerable portions have been omitted, and all has been rewritten; the final product is essentially new. A comparison between the treatises of President Hadley and Professor Raper shows that both contain concise and systematic accounts of the development of railroads in Europe and in the United States, both agree closely in their discussion of events prior to 1885, and both are critical of the results of public ownership. Summarizing his conclusions after a review of European experience, Professor Raper declares that government operation in general has not paid its way, has not supplied either particularly cheap or excellent service, and is not needed in Great Britain or in the United States to supply a lack of railway facilities or to correct the abuses of private management. Hadley's position a generation before had been substantially the same. On the other hand, Professor Raper has given us a much fuller discussion of

traffic conditions and rate structures in Europe and America than can be found anywhere in Hadley.

The book under review lacks the nervous, epigrammatic style which made the reading of Hadley's work a pleasure, and it lays much less emphasis on points of principle. One searches in vain for illustrations such as those which lend color to Hadley's chapters on Railroad Ownership and Speculation, and Competition and Combination. Some positive criticisms should also be made. There is no mention of the Sherman anti-trust law nor of our recently developed public utilities commissions in the chapter on American railroad regulation. The time-worn fallacy of citing the ratio between operating expenses and operating income as evidence of the cost of railroad operation appears in several places. The comparisons between German and American freight rates are not altogether satisfying. One would like to find more evidence of the truth of the statement that rates for short distances are approximately the same in both countries, in view of the very definite contention on the part of some German writers that rates are lower in Germany for all distances up to 300 or 400 km. The short average haul of 109 km. on German state railroads makes this point of predominant importance. Professor Raper would probably have been slower to criticise Prussian management because its freight cars move during less than four hours out of the twenty-four if he had reflected that freight cars in the United States average only twenty miles a day. In spite of these and similar defects the discussion is both convenient in form and scientific in spirit; it will probably serve better than any other to give the American or English student an idea of the relative conditions of railroad transportation and the course of railroad legislation in his own and other lands.

STUART DAGGETT.

*University of California.*

*Manual of Navigation Laws.* By EDWIN M. BACON. (Chicago: A. C. McClurg and Company. 1912. Pp. 81. 50 cents.)

This little book is a companion to the *Manual of Ship Subsidies* published in 1911, and, like its predecessor, is compact and concise. It sketches the history and present status of navigation laws in various countries: "measures of preference and exclusion by which maritime nations endeavor to protect their native or national

ships in the carrying trade of the sea against foreign competition, and to exclude foreign ships from participating on equal terms with their own marine in their coastal trade or that of the colonies or possessions they may have."

Emphasis is naturally given to the American system and the English system on which it was based. At the end of chapter 5 is a very useful summary of our present navigation laws. Attention is called to the fact that the United States is the only nation not permitting its citizens to buy ships anywhere and register them as national vessels under the national flag. Since the book was written the Panama Canal bill has passed, with a rider permitting us to purchase from foreign shipbuilders, duty free, ships for use in foreign trade.

E. J. CLAPP.

#### NEW BOOKS

CHANDLER, W. *The express service and rates.* (Chicago: La Salle Extension University. 1912. Pp. iv, 207.)

DROELL, H. *Sechzig Jahre hessischer Eisenbahnpolitik 1836-1896.* (Leipzig: Duncker & Humblot. 1912. 7 m.)

JACKMAN, W. J. and others. *Modern railway and steamship lines.* (Minneapolis: University Extension Society. 1912. Pp. 400.)

KRZIVA, A. *Emden und der Dortmund-Ems-Kanal unter besonderer Berücksichtigung ihrer Bedeutung für Import und Export im nieder-rheinisch-westfälischen Industriegebiet.* Probleme der Weltwirtschaft, VIII. (Jena: Fischer. 1912. Pp. xi, 178. 7 m.)

MACBETH, A. D. *The rationale of rates.* (Edinburgh: Hodge. 1912. 2s. 6d.)

MITTRE, V. *Droit commercial des chemins de fer.* (Paris: Berger-Levrault. 1912. Pp. 992. 20 fr.)

PIM, F. W. *The railways and the state.* (London: Unwin. 1912. Pp. 302. 5s.)

SHELTON, W. A. *The lakes-to-the-gulf deep waterway. A study of the proposed channel, terminals, water craft, freight movement, and rail and boat rates.* Reprinted with additions from "The Journal of Political Economy," XX, 6, 7. (Chicago: McClurg. 1912. Pp. x, 133. \$1.)

STUECK, T. *Der Rheinschiffbau am deutschen Rhein und in den Niederlanden.* Münchener volkswirtschaftliche Studien, 117. (Stuttgart: J. G. Cotta. 1912. Pp. ix, 101. 3 m.)

——— *Railroad operating costs, arranged to include the operations of 1911.* (New York: Suffern & Son. 1912. Pp. 144. \$2.)

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*Railroad statistics; comparative operating statistics of fifty-three of the principal railroads in the United States for the four years ending June 30, 1911.* (New York: Price, Waterhouse & Co. 1912. \$1.)

### Trade, Commerce, and Commercial Crises

*Geschichte des Welthandels.* By GEORG SCHMIDT. Aus Natur und Geisteswelt, 118. Second edition. (Leipzig: B. G. Teubner. 1912. Pp. iv, 146. 1.25 m.)

"Sir," said Dr. Johnson, "a woman's preaching is like a dog's walking on his hind legs. It is not done well; but you are surprised to find it done at all." The reviewer must borrow the quotation to express his feeling over the attempt to write the history of the world's commerce, from ancient Egypt to the present day, in this little duodecimo. The book suffers from bad proportion (more space is given to ancient and classical commerce than to the whole nineteenth century); it is not free from faults of theory (the favorable balance of the United States is explained by reference to the variety of natural resources); and it is notably chauvinistic in tone. Yet it does comprise a great many significant facts, and can be recommended on that account to those who want their economic history compressed in pellet form.

CLIVE DAY.

### NEW BOOKS

BARATTI, O. *L'industria e il commercio delle carni congelate nell'Argentina con speciale riguardo al mercato italiano.* (Varazze: Tip. G. Both. 1912. Pp. ix, 124.)

HAERRY, A. *Die Grundlagen des Verkehrs und die historische Entwicklung des Landverkehrs.* Die historische Entwicklung der schweizerischen Verkehrswege, I. (Frauenfeld: Huber & Co. 1911. Pp. 276. 10 m.)

LEXIS, W. *Das Handelswesen, II. Die Effektenbörse und die innere Handelspolitik.* Sammlung Götschen, 297. (Berlin: G. J. Götschen. 1912. Pp. 107.)

MORI, P. *Die Handelsbeziehungen der Schweiz mit den Nachbarstaaten unter besonderer Berücksichtigung des Exporthandels.* (Bern: A. Francke. 1912. Pp. 47. 2 m.)

PILA, F. *Une campagne d'attaché commercial. Les grands marchés d'Extrême-Orient (Japon et Chine).* (Paris: Rivière. 1912. Pp. 258. 3 fr.)

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*Lectures on British commerce, including finance, insurance, business, and industry.* (London: Pitman. 1912. Pp. 296. 7s. 6d.)

## Accounting, Business Methods, Investments, and the Exchanges

*Report upon the Price of Gas in Chicago.* By EDWARD W. BEMIS.  
(Chicago: Chicago Council Committee on Gas, Oil and Electric  
Light. 1911. Pp. 31.)

This report is a criticism of an earlier investigation on the same subject made by William J. Hagenah for the Chicago Council Committee on Gas, Oil and Electric Light. It illustrates afresh the difficulties encountered in attempting to determine the amount on which a municipal service corporation is entitled to earn a fair rate of return—the central point in rate fixing. Agreement can usually be reached on the valuation of physical property. The allowances to be made for interest and taxes during construction, organization expense, contractor's profits, engineering and the like are at best matters of speculation where the cost of reproduction is the basis, and not book records. The task of arriving at figures for these items is, however, easy, compared to the problem of fixing "going value" or the cost of developing the business. Here calculations are based more or less on pure hypothesis. By the use of different starting points and different rates of interest in the calculation, the most diverse results may be obtained. In this instance the amount arrived at by Mr. Hagenah, some \$15,000,000, is equal to one fourth of the amount on which he would allow the company a return in determining the fairness of the rate for gas. By starting from another and seemingly plausible estimate of the value of the property at the organization of the present company, Mr. Bemis shows that there is no justification at all for any claim for going value—past revenue having more than paid for all legitimate costs of building up the business including a fair return on the property used in behalf of the public.

The method employed in Mr. Hagenah's calculation of going value has received sanction from the Wisconsin commission. It is evident, however, that it must be used with extreme care, else by manipulation of figures any rate could be justified.

H. G. FRIEDMAN.

### NEW BOOKS

AUPETIT, A. and others. *Les grands marchés financiers. Conférences faites à l'Ecole des Sciences politiques.* (Paris: Alcan. 1912. Pp. 342. 3.50 fr.)

A preface by M. Raphael Georges-Lévy outlines the plan of the



studies which deal with the foremost banking problems as relating to Paris, Berlin, London, and New York.

BAKER, J. W. *Twentieth century bookkeeping and accounting*. (Cincinnati: Southwestern Pub. Co. 1912. Pp. x, 304. \$1.)

BARON, A. *Der Haus- und Grundbesitzer in Preussens Städten einst und jetzt*. (Jena: Fischer. 1911. Pp. xii, 154. 4 m.)

BECCUE, E. *L'internationalisation des capitaux*. (Paris: Coulet et Fils. 1912. Pp. 420. 6 fr.)

BLOCH, O. *La réforme des bourses de marchandises en France et l'organisation de ces bourses en Allemagne*. (Paris: Rousseau. 1912. 6.75 fr.)

CROSS, J. A. *Limited liability companies, the law and practice, with the cases and precedents*. (London: Simpkin. 1912. Pp. 640. 10s. 6d.)

DAY, J. E. *Stock-broker's office organization, management and accounts*. (New York: Pitman. 1912. Pp. 12, 231. \$3.)

GILBRETH, F. B. *Primer of scientific management*. Introduction by L. D. BRANDEIS. (New York: Van Nostrand. 1912. Pp. viii, 108. \$1.)

GUILMARD, E. *Le marché libre de la bourse de Paris*. (Paris: P. Rosier. 1912.)

HARTNESS, J. *Human factor in works management*. (New York: McGraw-Hill. 1912.)

HEAD, F. D. *The transfer of stocks, shares, and other marketable securities. A manual of the law and practice*. (London: Pitman. 1912. Pp. 220. 5s.)

HUBERICH, C. H. *The commercial law of Australia and New Zealand*. (London: Sweet & Maxwell. 1912. Pp. 768. 37s. 6d.)  
Reprinted from *The Commercial Laws of the World*.

HULL, W. H. *Securities based on natural resources*. (Scranton, Pa.: International Textbook Co. 1912. Pp. 7.)  
Reprinted from "Securities Review."

JOHNSON, G. *Foreign exchange in accounts*. (London: E. Wilson. 1912. Pp. 132. 4s.)

KNOX, J. S. *Salesmanship and business efficiency*. (Red Wing, Minn.: Red Wing Printing Co. 1912. Pp. 231. \$1.50.)

LEWIS, J. H. *The Oregon system of water titles*. Bulletin, No. 2. (Salem, Oregon: Pub. Doc. April 15, 1912. Pp. 16, illus.)

MAURY, F. *Les valeurs françaises depuis dix ans. Leurs résultats. Leurs garanties. Etudes statistiques*. (Paris: Alcan. 1912. Pp. 168. 4 fr.)

- MILLES, R. *La bourse de Paris et la compagnie des agents de change.* (Paris: J. Victorion. 1912. 3.50 fr.)
- MOODY, J. *How to analyze railroad reports.* (New York: Analyses Pub. Co. 1912. Pp. 217. \$2.)
- NAKAMURA, Y. *Law of Japanese landownership in Washington state and United States territories.* Text in Japanese. (Seattle, Wash.: Minosuke Yorita. 1912. Pp. 154. \$1.)
- PASSOW, R., editor. *Materialien für das wirtschaftswissenschaftliche Studium.* Vol. II. *Effektenbörsen.* (Leipzig: B. G. Teubner. 1912. Pp. 148. 2.50 m.)  
To be reviewed.
- REICH, E. *Der Wohnungsmarkt in Berlin von 1840-1910.* Staats- und sozialwissenschaftliche Forschungen, 164. (Leipzig: Duncker & Humblot. 1912. Pp. vii, 160. 4 m.)
- SELDEN, G. C. *Psychology of the stock market.* (New York: Ticker Pub. 1912. Pp. 120. \$1.)
- SIMPSON, THACHER, and BARTLETT. *Compilation of statutes relating to contracts for the conditional sale or lease of railroad rolling stock and equipment.* (New York: Evening Post Job Printing Office. 1912. Pp. ii, 111.)
- TELLER, W. P. and BROWN, H. E. *Modern business methods.* (Chicago: Rand, McNally. 1912. 75c.)
- THOMPSON, J. W. and others. *Indiana forms; forms and precedents for business and conveyancing, including acknowledgments, bankruptcy, cities and towns, corporations etc., thoroughly annotated.* (Indianapolis: Bobbs-Merrill. 1912. Pp. xxxviii, 1142. \$6.)
- TOMPKINS, L. J. *The law of commercial paper.* (New York: A. B. Crockett. 1912. Pp. xlii, 307. \$2.50.)

### Capital and Capitalistic Organization.

- A Treatise on Monopolies and Unlawful Combinations or Restraints.* By JOSEPH A. JOYCE. (New York: The Banks Law Publishing Company. 1911. Pp. lxvi, 768. \$6.50.)

This is a lawyer's treatise based upon the common law and the decisions which have been rendered in English and American courts. It discusses all forms of combination, all forms of monopolies, from both the national and the state standpoint. It is particularly full of definitions and statements fortified by a wealth of citations to American and English cases; it not only

treats of the law and its interpretation, but of procedure under the law, of pleading, and of evidence. An appendix contains the opinion of the Supreme Court in the Standard Oil case and the head-notes of the opinion in the Tobacco case. Forty pages are required to list the cases cited and an index of ninety-five pages follows. The book thus has all of the conveniences for ready reference and consultation.

To the economist, this treatise is chiefly interesting as a commentary upon the failure of the courts to keep pace with the progress of economic thought. To illustrate, the following quotation from the decision of the court in the case of the State vs. Duluth Board of Trade (107 Minn. 506) is selected:

To say that a combination restrains trade and prevents competition is a repetition of the same idea—giving two names to the same thing. Whatever prevents competition in trade, necessarily restrains trade.

It is evident that Judge Elliot, who rendered this opinion, is dominated by the precepts of the Middle Ages. Trade is looked upon as a struggle between merchants rather than as a process by which the producer reaches the consumer. According to the idea above quoted, every monopoly granted by a government must restrain trade. The Post Office Department, and the railroads operated by the various governments would further restrain trade, although in each of the cases the policy of the government might in reality promote the usefulness of the post office and railway by an adjustment of rates and operation such that a vast extension of the service would result. The same general attitude is maintained by the law in determining who may sue whenever a combination to restrain and monopolize trade is charged. Only those who can show that their property is injured are legally entitled to bring action. It is assumed, of course, that the state or federal government through its legal department, will conduct the prosecution. Where action is sought through an injunction, it may be brought only through the Attorney-General.

The ideas of the court in regard to railroad competition are particularly illuminating. The constitution of Texas provides that "no railroads . . . or managers of any railroad corporation shall consolidate the stock, property or franchises of such corporation with . . . or in any way control any railroad corporation owning or having in its control a parallel or a competing line" (p. 436). Under such provisions as that quoted the courts gen-

erally hold that a railroad under construction for the purpose of entering into competition with another railroad between two points, is parallel, and after it goes into operation, it is competing. The law as construed by the judges, therefore, has generally encouraged the building of parallel lines, even where it is evident from the economic point of view that the result must be either their final consolidation, bankruptcy or both, or rates sufficiently high to enable them to earn a return upon the fixed investment.

It is interesting to notice, however, that the investigations and conclusions of economists are beginning to have an influence, which is well illustrated in the definitions of monopoly. Until recently, the courts have defined a monopoly as follows:

A monopoly is an institution or allowance by the king, by his grant, commission, or otherwise to any person or persons, bodies politique, or corporate, of or for the sole buying, selling, making, working, or using of anything, whereby any person or persons, bodies politique or corporate, are sought to be restrained of any freedome, or liberty that they had before, or hindered in their lawful trade (4 *Blackstone's Comm.*, 159, quoted on p. 7).

The legal idea has been gradually changing from that of an exclusive privilege conferred upon a few, to the control of a commodity by one organization. This view has recently been affirmed by the federal Supreme Court in defining monopoly as "unified tactics in regard to prices." Other examples might be cited proving the influence of economic thinking upon judicial decisions.

MAURICE H. ROBINSON.

*The Regulation of Municipal Utilities.* Edited by CLYDE LYNDON KING. National Municipal League Series. (New York: D. Appleton and Company. 1912. Pp. ix, 404. \$1.50.)

This work, published under the auspices of the National Municipal League, embodies the more important papers presented to that body, supplemented by a number of articles written especially for this volume. It is, however, more than a collection of essays. Dr. King has supplied a large part of the text, and his general discussion of problems serves to give unity to the book, and to assemble from a number of disconnected articles a general work on the relations of municipalities to their utility corporations.

The book is divided, in effect, into two parts, the essentials of a

franchise policy and regulation by city and state commissions. Emphasis is laid on the organization and work of the commissions of Massachusetts, Wisconsin, and New York. The views here presented embody the advanced thought on control of public utilities, laying stress on indeterminate, and in any event, short-time franchises, and the necessity for public service commissions with large powers to exercise continuous supervision and control. This is, in Dr. King's opinion, the solution of the problem of the city in relation to its utility corporations. The right of the municipality to take over ownership and to operate street railways and other enterprises is needed chiefly as a club to ensure fair dealing by the companies.

The articles, together with Dr. King's chapters, cover a considerable range of subjects. Under the head of discussion concerned with general principles attention may be called to such valuable contributions as Dr. Wilcox's "Elements of a Constructive Franchise" and "Suggestions for a Model Street Railway Franchise Policy"; and to Commissioner Maltbie's paper, "A Rapid Transit Policy for Greater New York." A number of articles deal with local struggles with municipal corporations, the organization and practical work of different commissions, special problems in rate regulation, accounting, etc.

The book necessarily suffers from the manner of its composition; the articles included are of uneven merit both in substance and form. There is inevitably repetition, and on the other hand, some important questions, such as the problem of valuation for rate making, the decisions of the courts, and taxation, receive but scant treatment. In some of the papers dramatic incidents overshadow the principles involved.

The work is none the less welcome as a general discussion of the relations of municipality and utility corporations. Coming after Dr. Delos F. Wilcox's comprehensive study of *Municipal Franchises*, the importance of this volume is in its briefer and more general treatment of the problems. It will doubtless help to educate a larger circle to an appreciation of the importance of municipal utility corporations in urban life, and to stimulate intelligent public interest in the granting of franchises, and in the regulative efforts of public service commissions.

H. G. FRIEDMAN.

*Report of St. Louis Public Service Commission to the Municipal Assembly of St. Louis on Rates for Electric Light and Power.*  
(St. Louis. 1911. Pp. 81, appendices.)

This is a valuable document, illustrating the work of a municipal public service commission in dealing with local utility problems. Among the details of its report the subject of valuation naturally holds the foreground. Attention may be called to the treatment by the commission of the company's claims for real estate, and for intangible items under the head of organization expense, engineering, contractor's profits, interest and taxes during construction, discounts on securities, and particularly the "cost of establishing the business." The diversity of opinion on the value of real estate is an amusing example of "expert" testimony. The commission's criticism of the contentions in behalf of the company under the head of intangible property is eminently sane and fair.

The student interested in corporate evolution will find traced for him in an appendix the story of the consolidations and mergers, out of which the present company developed.

A valuable feature of the document is the report of the chief engineer, reviewing in detail the theories of differential rates for electricity to different classes of consumers and the practical difficulties involved in scientific rate making.

H. G. FRIEDMAN.

NEW BOOKS

CROSS, J. A. *Limited liability companies, the law and practice, with cases and precedents.* (London: Simpkin. 1912. Pp. 640. 10s. 6d.)

DUX. *Die Aluminium-Industrie-Aktiengesellschaft Neuhausen und ihre Konkurrenzgesellschaften.* (Lucerne: I. M. Abbins Erben. 1912. Pp. 92. 1 m.)

FLECHTHEIM, J. *Deutsches Kartellrecht. Vol. I, Die rechtliche Organisation der Kartelle.* (Mannheim: J. Bensheimer's Verlag. 1912. Pp. vi, 214. 5 m.)

GOETZ. *Das Spirituskartell.* Volkswirtschaftliche Abhandlungen der badischen Hochschulen, 7. (Karlsruhe: G. Braun. 1912. Pp. vii, 252. 5.20 m.)

HILLRINGHAUS, A. *Die deutschen Roheisensyndikate in ihrer Entwicklung zu einem allgemeinen Roheisenverbande.* (Leipzig: Duncker und Humblot. 1912. Pp. 115. 3 m.)

LAGARDE, P. and BATARDON, L. *Les sociétés commerciales: en nom*

*collectif, en commandite simple, anonymes, en commandite par actions, en participation, à capital variable.* (Paris: Dunod et Pinat. 1912. 9 fr.)

NEUMANN, M. *Das Reichsmonopol für Petroleum.* (Berlin: Verlag für Fachliteratur. 1912. Pp. 60. 2 m.)

ROTHSCHILD, E. *Kartelle. Gewerkschaften und Genossenschaften nach ihrem innern Zusammenhang im Wirtschaftsleben.* (Berlin: J. Springer. 1912. 4.80 m.)

SMITH, J. B. R. *Nature, organization and management of corporations under "An act concerning corporations (revision of 1896)" of the state of New Jersey, together with the text of the statutes relating thereto, to the end of the legislative session of 1912, with forms and precedents.* (Newark, N. J.: Department of State. 1912. Pp. 383. \$2.50.)

STOECKLE, A. *Spätrömische und byzantinische Zünfte.* (Leipzig: Dieterich. 1911.)

SCHWANDT, J. *Die deutschen Aktien-Gesellschaften im Rechtsverkehr mit Frankreich und England. Verlegung des Sitzes und Rechtsstellung ihrer Niederlassungen im Ausland. Arbeiten zum Handels-Gewerbe- und Landwirtschaftsrecht, 11.* (Marburg: N. G. Elwert's Verlag. 1912. Pp. xxi, 448. 10 m.)

WATROUS, E. *The corporation act of Connecticut, revised and annotated.* (New Haven: Yale University Press. 1912. \$2.25.)

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*Public utility laws and court decisions. Proceedings of the twenty-third annual convention of the National Association of Railway Commissioners.* (Washington: Traffic Service Bureau. 1912. Pp. 1507. \$7.50.)

*Loi norvégienne du 19 juillet 1910 sur les sociétés anonymes et les sociétés en commandite par actions suivie de la loi du 6 août 1897 sur les obligations au porteur.* (Paris: A. Pedone. 1912.)

### Labor and Labor Organizations

*The Standard Rate in American Trade Unions.* By DAVID A. McCABE. Johns Hopkins University Studies in Historical and Political Science. Series XXX, No. 2. (Baltimore: The Johns Hopkins Press. 1912. Pp. 251.)

The treatment of the subject of this monograph is not as comprehensive as the title would indicate. The breadth of view, however, was purposely narrowed by the author who does not profess to offer a complete view of the standard rate. In his introduction he states his point of view as follows:

In the present study, the standard rate is considered solely as a device for securing effective union participation in the determination of wage rates by union bargaining or by collective enforcement. The standard rate is regarded as a trade-union device, as a piece of union mechanism, and attention is directed entirely toward the question of form and extent of application, and especially to the manner in which it fulfils its purpose of enabling the union to bring its collective strength to bear in behalf of the individual member in the settlement of actual wages.

The author disclaims the intention of discussing any of the social implications of the standard rate, thus leaving out of consideration many of the most interesting phases of the subject. Although much valuable data have been collected, and several important phases are described, it seems to the reviewer that the author has not completed the study of that phase of his intended field dealing with "the manner in which it fulfils its purpose of enabling the union to bring its collective strength to bear in behalf of the individual member in the settlement of wages."

A full description of the administration of the piece scale, under many varying conditions encountered in many different trades, is given in chapter 1. It includes an analysis of the chief features of piece-scale construction as well as an excellent classification and description of the important elements directly affecting the rate of remuneration in various trades. The many examples cited give a convincing picture of the difficulties encountered when attempting to construct a piece scale that can be practically adjusted to the many different conditions existing in any given trade.

In dealing with the standard time rate in chapter 2, the author has come nearer to an analytical discussion of important motives and policies than in any other chapter. There is an ample treatment of the attitude of trade-unions toward the classification of workers on the basis of competency. However, the questions of union policy in regard to premium and bonus systems, and the relation of wages and efficiency, in their bearing upon the power of the trade-union to establish standard rates, deserve at this time a much more thorough consideration than the author has given.

In chapter 3, the area of the standard rate is discussed in its following aspects: the history of the attempts, struggles, failures, and partial successes of various trade-unions to establish and extend the area of the standard rate; the extent to which the uniform rate is now established locally, districtally, and nationally, and an enumeration of many exceptions and variations in partic-



ular trade-unions; and a meager statement of the principles discerned in the policy of the union as to the extension of the area of the uniform rate.

Chapter 4 is given up largely to a classification of the trade-unions from the viewpoint of their attitude toward the system of wage payment, and to a statement and enumeration of those trade-unions which fall into the five different classes.

Throughout the work there is much information concerning the customs of individual unions and their attitudes toward specific policies. It comprises a most eloquent statement of difficulties, irregularities, qualifications, exceptions, interpretations, etc., that must be taken into account when attempting to put into practice anything that approaches uniformity or standardization.

The two chief adverse criticisms have to do with the length and the omissions. The main body of the work is needlessly drawn out; much of the reader's time could have been saved without detracting from the clearness or completeness of the monograph if some of the data embodied in the main part of the page had been put into the footnotes. After making a general statement which covers perhaps a few lines, the author then proceeds to follow it with page after page of data illustrating the statement. An example is found in chapter 3, where, after giving a page and a half to general discussion, he devotes the next forty pages largely to a detailed statement of the struggles of various unions in attempting to extend the area of the standard rate.

H. A. E. CHANDLER.

*University of Arizona.*

*Finding Employment for Children who Leave the Grade Schools to go to Work. Report to the Chicago Woman's Club, The Chicago Association of Collegiate Alumnae and The Woman's City Club. (Chicago School of Civics and Philanthropy, Department of Social Investigation. Russell Sage Foundation. 1912. Pp. 56. 25 cents.)*

In a manner, at once attractive and serious, the social consequences of what might be called the *deformative* years of a child's life are briefly described in the first pages of this report prepared by Sophonisba P. Breckinridge, Edith Abbott, and Anne S. Davis. "At the age when children in a well-to-do family are still treated as children and never allowed to make any important

decision about their future careers, the boy or girl in a poor family is turned loose to find work alone." The three important aspects of the problem are: (1) to discover the opportunities for employment, "educational and disciplinary instead of demoralizing"; (2) to devise the machinery for "fitting the right boy or girl into the right job"; (3) to supervise the child so placed.

The outline proceeds to present the satisfactory results of a small experiment in Chicago with boys from the parental school and girls from settlements, especially the handicapped children, and from the Washburne school—the latter a normal group. The summary on pages ten to eleven of what such practical vocational guidance requires is admirable. Probably the brevity of the experiment accounts for the failure to present many specific suggestions as to methods, especially with regard to relations with school, parent, child, and employer, which would be of inestimable value to others entering upon a similar task. The two convictions produced by the experiment are evidently: (1) the importance of creating trade schools in Chicago; (2) the "great need of undertaking the delicate task of employment supervision . . . a proper function of the school."

That a knowledge of the industries in which children may and should be employed is vital to the successful issue of any child employment bureau is recognized by the experiments undertaken in America and is especially emphasized by the English Juvenile Labour Exchanges. The outline here given of "the opportunities of employment in Chicago open to girls under sixteen" is typical of the sort of working survey which must be made in immediate connection with the bureau. One may query their value to the reader, except for general information, for the indefiniteness of knowledge due to the limited scope of enquiry as to type of work, opportunities, and wage and seasonal conditions bars its utility for actual guidance elsewhere. The fuller studies proposed will surely be invaluable.

Not the least important section of the pamphlet is the outline of the movement for the direction of juvenile employment in England, through the coöperation of the Board of Trade (Labour Exchanges) and the Board of Education (Education Committees). The list of Trade and Technical Classes for Girls in Chicago and the selected bibliography relating to employment supervision supply valuable working data.

*Simmons College, Boston.*

SUSAN M. KINGSBURY.

*The Coal Miner: A Study of his Struggle to Secure Regulated Wages in the Hocking Valley.* By EARL A. SALIERS. (Bethlehem, Pa.: Bethlehem Printing Company. 1912. Pp. 65.)

Dr. Saliers has written a very brief sketch of the struggle of the coal miner in southeastern Ohio. The year, 1884, is held to mark the close of the era of unregulated competition in the coal fields, and the opening of the period of organization and of arbitration. The last third of the monograph is devoted to a consideration of the truck system of payment. Company stores are operated in the Hocking Valley at the present time; but they "probably do not receive more than one half or two thirds of the patronage they formerly commanded."

The Hocking Valley field offers an excellent opportunity for a valuable monograph showing how concentration of ownership and the development of harmonious relations with the coal roads affected the labor situation; but this sketch is altogether too brief. The manner in which outside competition and the competition between mines having coal seams of varying thickness have produced the well-known form of wage agreements between miners and operators, is too hastily presented; and the form of organization and the preamble of the constitution of the United Mine Workers is given an undue proportion of space.

FRANK T. CARLTON.

*Opportunities in School and Industry for Children of the Stockyards District.* By ERNEST L. TALBERT. (Chicago: The University of Chicago Press. 1912. Pp. vi, 64. 28 cents.)

*Mercury Poisoning in the Industries of New York City and Vicinity.* By MRS. LINDON W. BATES, Chairman of Committee upon Dangerous and Unhealthy Industries. (New York: Women's Welfare Department of the National Civic Federation. Pp. 132.)

*Mine Accidents and their Prevention: For the Instruction of Mine Workers. Especially Adapted for the Teaching of English to Non-English Speaking People.* By J. H. DAGUE and S. J. PHILLIPS. (Scranton, Pa.: Delaware, Lackawanna and Western Railroad Co. 1912. Pp. 69.)

These three monographs are indicative of the growing interest in the conservation of human resources. Dr. Talbert's monograph is the first of a series of investigations of the stockyards district

in the city of Chicago carried on under the direction of the University of Chicago settlement. The study "has the advantage of being focused on a limited area and of proceeding from a social settlement" which is in intimate contact with the people and activities of the district. The people studied are recent immigrants of various nationalities. Nearly all of the workers are employed in the stockyards; their work is unskilled and their wages low. Economic pressure, the ignorance of parents and the willingness of children are found to be the chief causes of the exodus from school soon after the age of fourteen years is reached. The typical child of the district leaves school while in the fifth or sixth grade; and the occupation secured, as a rule, leads only to a "blind-alley." The boy or girl usually changes jobs frequently, often with a considerable period of unemployment intervening. The haphazard or "pack-peddler" methods of obtaining jobs are especially detrimental to impressionable children of fourteen to sixteen years of age.

As the result of this painstaking and valuable investigation, Dr. Talbert offers several suggestions which are worthy of careful consideration: (a) The minimum school age should be raised to sixteen years; (b) Provision should be made for continuation schools for the instruction of young workers; (c) The work of the day school should be reorganized so that its work will "center about occupational and concrete problems and processes"; (d) provision should be made in the public schools for vocational guidance.

Mrs. Bates' study deals chiefly with the manufacture of felt hats which is "the great mercurial industry." Mercury poisoning is easily curable in the early stages; "and the risk of contracting the disease can, in a large measure, be eliminated by simple, prophylactic measures, sanitation being a great aid." But, if not cured in the early stages, it soon causes a rapid decline in the earning power of the victim. A special investigator presents data for 122 cases of mercurial poisoning.

In conclusion, eleven definite recommendations are made for the purpose of regulating industries in which mercury is used. Eight of these relate to sanitary conditions; and regular medical inspection is demanded. The last two recommendations are of especial interest. "Compensation for disease should be a tax upon

the poison-using industry begetting it and profiting from it"; and "the industry should supply insurance for the men working in processes of such unhealthiness that insurance companies decline the risk." The monograph is a welcome addition to our inadequate literature upon industrial diseases.

The little book on mine accidents is an illustrated primer designed to serve a double purpose,—“to make all mine-workers more familiar with safe methods of mining hard coal” in order that the more common accidents may be avoided, and to teach the non-English speaking miner the rudiments of the English language. Two hundred pictures are used to illustrate safe and unsafe methods of mining. The book was prepared by two secretaries of the Y. M. C. A. of Scranton, Pennsylvania.

FRANK T. CARLTON.

*Albion College.*

*The Legal Position of Trade Unions.* By HENRY H. SCHLOESSER and W. SMITH CLARK. (London: P. S. King and Son. 1912. Pp. xxiv, 268. 10s. 6d.)

This volume is announced as an attempt to present in the utmost detail the position in which trade-unions stand in the law of the United Kingdom, though it is fair to say that these are the words of the publishers and not of the authors. The first chapter presents a survey of the historical development of trade-unions as marked by legislation, with references to some important decisions which were in large measure responsible for the enactment of the laws, and is followed by five chapters not very clearly demarcated: Definition of Trade-Unions and their Powers, Direct Interference with the Disposal of Labor and Capital, Restraint of Trade, Limitation of the Court's Jurisdiction, and Procedure. In an appendix are reproduced the statutes affecting trade-unions, regulations of the Secretary of State, forms and precedents, specimen rules of a registered trade-union, powers of trade-unions under the National Insurance Act of 1911, etc. The book is written in a readable style, is adequately indexed, with analytical side notes and ample citations.

The authors naturally use the Trade Union Act of 1871 as the dividing line, setting forth the effects of the earlier restrictive statutes, as well as of the more recent legislation legalizing picket-

ing and acts done in furtherance of trade disputes which amount to interference with trade, business or employment, and protecting the funds of unions from liability for tortious acts alleged to have been committed by or on behalf of the union. It may be worth while to explain that the chapter on interference with the disposal of labor and capital relates to acts directed to non-members, while that on restraint of trade relates to restrictions on the members themselves by the rules of the unions. How far the courts may intervene in cases involving rights which are fixed by the rules and by the collective agreements of unions is a question that depends largely for its answer on the conclusions reached in the previous discussion on the restraint of trade; while the chapter on procedure is in the main less technical than its heading indicates, and relates closely to the subject of the powers of unions as presented in the second chapter.

The interest of the book turns more largely on its presentation of a condition differing strikingly from our own than upon resemblances. Among the many cases cited but few appear that are familiar as citations in American opinions, and reciprocally there are but few instances where the authors have found occasion to refer to American statutes or decisions.

Far more than in this country the position of trade-unions in Great Britain is determined by legislation instead of by common law, and this legislation is of a type that would be classed by Americans either as advanced or as radical, according to their point of view. An interesting point is found in the quasi-corporate status that was held to be conferred on trade-unions by the act according them certain privileges to follow their registration, and the consequent liability of the union, succeeding which came the Trade Disputes Act, exempting from such liability. It is probable, however, that the limitations set upon this exemption are not clearly understood by all who favor or condemn it, and the liberal space given the discussion of the bounds of civil and criminal liability and showing the effect of motive and circumstance in determining these points is a feature to be commended.

LINDLEY D. CLARK.

*U. S. Bureau of Labor.*

*Ueber die Ernährung und deren Kosten bei deutschen Arbeitern.*

By H. LICHTENFELT. *Massenenverbrauch und Preisbewegung in der Schweiz.* By F. KROMMELBEIN. (Stuttgart: Druck und Verlag von W. Kohlhammer. 1911. Pp. xx, 315. 9 m.)

The volume containing these monographs is the second of the *Basler Volkswirtschaftliche Arbeiten*, edited by Dr. Stephen Bauer. As the titles indicate, the investigations will prove of interest to those working on wage questions, and they have an especial freshness of material and treatment with reference to the minimum wage and the increased cost of living.

A very readable introduction of 20 pages, by Dr. Bauer, reviews previous investigations of movements of wages and food prices, showing early untrustworthiness but an improvement in quality as the inquiries come to be based upon household accounts. After noting some differences between free-trade and tariff-protected countries, Bauer points out that the investigations of Dr. Lichtenfelt and Dr. Krömmelbein attempt to get at the physiological basis of the German workman's sustenance and its cost. The conclusions are that there is a hygienic minimum wage; that underpayment brings sickness, which is a burden to the industry collectively; that this minimum of real wages must be understood; that the amount of increase in price from a tariff policy goes not as protection to the workman, but is a burden to industry; and finally that the more the daily quota of the workman exceeds the hygienic minimum, by so much more is the *Kulturminimum* raised and the work made efficient.

Dr. Lichtenfelt's investigation is based upon inquiries involving some 20,000 laborers of every variety of occupation and in every part of Germany. He works out the amount in weight of food of some twenty varieties needed for an able-bodied man and the proportionate amount needed for other members of a family. Many interesting and valuable tables of statistics show the percentages of weight for the different articles of food and the percentages for the different kinds of nutritive value as proteids, fats, and carbonhydrates. A general conclusion seems to indicate that a larger percentage should be devoted to animal proteids.

In the latter part of the volume we find Dr. Krömmelbein's investigation of the rise in the cost of living as shown in the prices of food products. His work has especial reference to the

city of Basle as typical of Switzerland, being based on the household accounts of four families of that city. The accounts show a large increase in the cost of the necessities of life, especially in the cost of meat. The tables setting forth details fill some 125 pages. They are interesting and are probably typical of most families of the community. In concluding Dr. Krömmelbein sets forth the tariff policy as the only cause of the increased prices, a conclusion which most economists will find entirely inadequate.

DONALD F. GRASS.

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- Les difficultés entre les compagnies de chemins de fer et leur personnel en Grande-Bretagne depuis 1906.* (Paris: Office du Travail. 1912.)

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Report on collective agreements between employers and employees giving particulars as to wages, hours of labor, compensation, and provision for settlement of disputes.

### Money, Prices, Credit, and Banking

*The One Pound Note in the History of Banking in Great Britain.*

By WILLIAM GRAHAM. (Edinburgh: James Thin. 1911. Pp. xiii, 410. 9s.)

This book was first published in 1886, and is reproduced in a

revised and up-to-date form after having been for several years out of print. Its scope is broader than the title indicates. It would not be far from the truth to describe it as a history of banking in Scotland with applications to England of lessons drawn therefrom. The merit of the book consists not so much in the presentation of new facts or new points of view, although both are to be found within its pages, as in the detail and completeness with which it treats the chief phases of Scottish banking history and in particular the utility of the one pound note. Regarding England, the author's conclusion is "that the reasons for the southern antipathy to such a currency (the one pound note) are no longer cogent, and that its introduction into England would strengthen the banking system and benefit national interests."

WILLIAM A. SCOTT.

*University of Wisconsin.*

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## Public Finance, Taxation, and Tariff

*The United States Beet-Sugar Industry and the Tariff.* By ROY  
G. BLAKEY. Columbia University Studies in History, Eco-  
nomics and Public Law, Vol. XLVII, No. 2. (New York:  
Longmans, Green and Company. 1912. Pp. 286. \$2.00.)

Mr. Blakey begins his monograph with introductory chapters sketching the history of the beet-sugar industry in Europe and in the United States. He then proceeds to a discussion of costs in this country and elsewhere, both of beet sugar and of cane sugar, which makes up the bulk of the volume. Some brief chapters at

the close take up tariffs and prices, the sugar trust, and freight rates; and a final chapter summarizes the writer's conclusions.

Mr. Blakey's work is carefully done. He has sifted the testimony given before congressional committees, the material issued by the Department of Agriculture, and that in the trade publications. He has had experience of his own in growing sugar-beets, which enables him not only to present figures based on that experience, but to scan critically the statements and figures of others. His general conclusions are that manufacturing cost, *i. e.*, the cost of converting beets into sugar, is roughly the same in the United States as in Europe (Germany), but that the cost of growing beets is higher in this country. The greater cost of beet growing is due chiefly to the large amount of hand labor required and to the higher wages in the United States. Not only German beet sugar, but cane sugar also, in countries like Cuba and Java, can be produced at lower price than beet sugar in the United States. "Free sugar would wipe out most, if not all, of the present domestic beet-sugar industry," and "the consumers of the United States would ultimately [within two or three years] benefit in the matter of lower prices by approximately the full reduction" (p. 257).

On the crucial question whether this would be—setting aside the pains of transition—a regrettable outcome, Mr. Blakey speaks with somewhat uncertain sound. He does not commit himself to any clear-cut opinion on the underlying question of principle. He speaks of "indirect" advantages from the beet-sugar industry; but "the validity of such arguments depends on the assumption that the indirect benefits are worth the subsidies, or protective tariffs" (p. 156). He intimates that a reduction of the duty to one cent a pound could be made without very greatly hurting the beet-sugar makers. But the question whether it is wise to go farther, or even so far, seems to him to call for "scientific" investigation. His concluding chapter argues in favor of a permanent board of experts, which is to secure something better than our present "very inexact knowledge of its [the tariff's] ultimate effect." "The probable improvements and indirect advantages which a thorough investigation might establish would very probably show a net gain in producing beet sugar in this country" (p. 265). No doubt a thorough investigation would help in showing just where the industry stands, and what would happen

if duties were removed or greatly reduced; yet I question whether more specific results on this topic can be reached than are furnished by Mr. Blakey himself. Still more is it to be questioned whether "indirect advantages" could be measured, or even proved to exist, by the most painstaking inquiry. And, finally, the fundamental question, whether there is a gain from producing within the country beet sugar, or anything else, at higher prices than the imported article can be got for, must be settled in my judgment not by elaborate concrete investigation, but by general economic reasoning.

F. W. TAUSSIG.

*Harvard University.*

*Traité de la Science des Finances.* By PAUL LEROY-BEAULIEU. Eighth edition, recast and enlarged. Two volumes. (Paris: Alcan. 1912. Pp. 1011, 61. 25 fr.)

During the thirty-five years that have elapsed since the appearance of the first edition of this well-known treatise, changes in fiscal legislation and conditions have been so numerous and extensive as to require seven revisions of the work, an average of one for each five years. Meanwhile the size of the book has steadily grown, the eighth edition containing at least fifty per cent more material than the first. Despite constant revision, the work preserves its original character as a comprehensive, learned, and clearly written treatise; and in substance of doctrine has not undergone material change. Its author is still an uncompromising individualist, ever ready to tilt against what he considers socialism, whether it takes the form of protectionism or some up-to-date device for regenerating mankind over night.

The eighth edition, like preceding revisions, undertakes to trace the course of recent legislation, and to discuss critically the questions of principle which the changes involve. It is hardly necessary to say, therefore, that the author has had to enlarge considerably the chapters devoted to the industrial domain of states and municipalities, income taxation, inheritance taxes, and progressive taxation; and it occasions no surprise to find new chapters treating of such subjects as double taxation and the unearned-increment tax. With these changes the book has been brought well abreast of recent developments in the theory and practice of finance.

The views of the author are now so well known to students of finance, that it is unnecessary to say much more about the changes than that Leroy-Beaulieu finds no occasion to change the views of a lifetime.

Progressive taxation is still regarded as unsound in theory and vicious in practice, and the experience of various countries in recent years, especially with high progressive taxes on inheritances, is cited in support of this contention. Concerning the application of the principle of diminishing marginal utility to the problem of progression, he concludes: "The basis of taxation ought to be objective and not subjective, which is merely a euphemistic term for arbitrary." The general income tax is as objectionable as ever, and recent French proposals can only have the effect of injuring the very tolerable system of direct taxation that has existed in France since the Revolution, a system which needs only to be revised at some points and extended at a few others. Recent changes in the inheritance tax laws of France, England, and other countries, show a disposition to convert taxation into an agency of confiscation, and recall the practices of the robber barons of the Middle Ages. His discussion of the present extent to which these taxes are being evaded gives point to the suggestion that even taxes on successions should be moderate if they are to be successfully administered. The inheritance tax law enacted by New York in 1911 receives hearty commendation for following this principle, as well as for avoiding double and triple taxation. Democratic governments are always prodigal; while claiming to be philanthropic, they are as warlike as their predecessors; and the results are everywhere in evidence in annual budgets and public debts. Whatever exceptions the critic may take to any of these points, it will do him no harm, and should do him good, to read with care the vigorous and always interesting pages of this veteran economist.

The new chapters devoted to taxation of the unearned increment and double and triple taxation are so brief that they hardly do more than call attention to important questions that now confront the student of finance. Leroy-Beaulieu is opposed to the whole theory of the unearned increment, and believes that the taxes recently introduced in Germany and Great Britain are likely to prove vicious in practice. He questions whether the final incidence will be upon the seller, especially when land is in active

demand; and believes that while it may hasten profit-taking in some cases, it will lead to the holding back of land from the market in others. There is the further danger, from his point of view, that this tax will prove simply the precursor of others aimed to destroy all surplus incomes or wealth. The few pages devoted to double and triple taxation present a little interesting material, but are in no way noteworthy.

C. J. BULLOCK.

*Harvard University.*

*Untersuchungen zur Geschichte des Objektes direkter Steuern.*

By BRUNO MOLL. (Leipzig: Verlag von Veit und Comp. 1912. Pp. 15. 0.50 m.)

This interesting pamphlet is by the author of *Zur Geschichte der Vermögenssteuern* and *Zur Geschichte der englischen und amerikanischen Vermögenssteuern*. In his introductory paragraphs, Dr. Moll discusses the indefiniteness of the term property tax when used without reference to time and place. He also declares for the idea that strict clearness contends for the development of every history of taxes on the assumption that business revenue or income enters into the determination of the tax. His very brief explanation that this is essential to an estimate of the socio-political significance of a tax is not, however, very convincing.

In his treatment of objects of taxation in German territory up to the end of the fourteenth century, the author emphasizes the preëminence of the hide or land tax, the merely supplementary character of the taxes on movables, and the absence in the country regions of systematic taxes on houses. The hide tax is described as a sort of blanket levy to cover all immovables and to reach the full faculty of the payer. The development of taxation in the towns is treated briefly. The author seems to find an explanation of modern income taxes in the discovery that not every source of income is adequately expressed in the form of visible property.

With reference to England, Dr. Moll states the relation of taxes to the revenue principle, and of movables, up to the seventeenth century, to the capital principle. Only once before 1799, and that was in 1640, did England have anything like a modern income tax. The modern English national economy found revenue from business too vacillating and uncertain.



Taxation in the American states up to 1850 is briefly discussed. The characteristic feature of the American faculty tax lies not in its being satisfied with rough averages instead of accurate individual valuations but in that capital value is the basis of its calculations. The author thinks, however, that the property tax in the American states is to be regarded as a means of taxing income. Where the property tax has an object in visible property as opposed in a way to an object in capital value, the author applies the name "Phantasie-Kapitalien."

It is the reviewer's opinion that Dr. Moll in this pamphlet has unfortunately allowed himself altogether too little space for a fair treatment of his important subject.

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#### NEW BOOKS

AEHNELT. *Das Zuwachssteuergesetz in seiner Bedeutung für bebaute Grundstücke und baureife Stellen.* (Berlin: Puttkammer und Mühlbrecht. 1912. Pp. 59. 1.20 m.)

AEREOB, F. *Die Taxation von Landgütern und Grundstücken.* (Berlin: P. Parey. 1912. Pp. xv, 542, tables. 18 m.)

ALLEN, J. L. M. *The American protective tariff shown to be an instrument devised by British capitalists for the purpose of collecting taxes from the American people.* (New York: M. E. Brown Printing Co. 1912. Pp. 94. 50c.)

VON BECKERATH, E. *Die preussische Klassensteuer und die Geschichte ihrer Reform bis 1851.* Staats- und sozialwissenschaftliche Forschungen, 163. (Leipzig: Duncker und Humblot. 1912. Pp. viii, 104. 3 m.)

BLAKEMORE, A. W. *The inheritance tax law, containing all American decisions and existing statutes.* (Boston: Boston Book Co. 1912. Pp. 1876. \$9.)

BREDT, J. V. *Die Besteuerung nach der Leistungsfähigkeit. Ein Beitrag zur Systematik und Reform der direkten Steuern in Preussen und dem Reiche.* (Leipzig: A. Deichert. 1912. Pp. vii, 240. 4.50 m.)

DIETZEL, H. *Kriegssteuer oder Kriegsanleihe.* (Tübingen: J. C. B. Mohr. 1912. Pp. 65. 1.60 m.)

FAMECHON. *Législation des droits de douane.* (Poitiers: Oudin. 1912. Pp. 305.)

HARLING. *Die Schweizer Militärsteuer.* (Berlin: Puttkammer und Mühlbrecht. 1912. Pp. 203. 3 m.)

- HEDRICK, W. O. *The history of railroad taxation in Michigan*. (Lansing, Mich.: State Library. 1912. Pp. 69.)
- HENNINGSSEN, A. *Die gleitende Skala für Getreidezölle*. (Jena: Fischer. 1912. Pp. 146. 5.50 m.)
- KITCHENER. *Finances, administration, and condition of Egypt and the Soudan*. (London: King. 1912. 8d.)
- LERIS, P. *Les dettes comparées des villes de France*. (Paris: Alcan. 1912. 2 fr.)
- LINCOLN, W. K. *The inheritance tax law of the state of Illinois*. (Chicago: Barnard & Miller. 1912. Pp. xxii, 476. \$4.50.)
- LIPPERT, G. *Das internationale Finanzrecht. Eine systematische Darstellung der internationalen Finanzrechtsnormen*. (Triest: M. Quidde. 1912. Pp. 1152. 27 m.)
- LOBAN, G. T. *Some principles in the valuation of land and buildings*. (London: Surveyors' Institution. 1912. Pp. 50.)
- MACBETH, A. C. *The rationale of rates: a defence of the system of annual taxation-proportion to rent*. (London: Hodge. 1912. Pp. 132. 2s. 6d.)
- DE MEREUIL, A. M. *Le budget de la fin de l'ancien régime à la Restauration*. (Lille: Camille Robbe. 1912. Pp. 431.)  
An historical monograph on the origin of the French budget, based on a study of the text of laws and of the ideas of the statesmen of the Revolution and the Empire.
- MOLL, B. *Zur Geschichte der englischen und amerikanischen Vermögenssteuern*. (Munich: Duncker und Humblot. 1912. Pp. iii, 100. 3 m.)
- NITTI, F. *Principi di scienza delle finanze*. Fourth edition with corrections and additions especially in the part devoted to monopolies and insurance monopoly. (Naples: Luigi Pierro. 1912. Pp. xv, 1007. 10 l.)
- ORR, J. *Taxation of land values as it affects landowners and others*. (London: King. 1912. Pp. 116. 1s.)
- POOLE, R. L. *The exchequer in the twelfth century*. The Ford lectures, 1911. (London: Frowde. 1912. Pp. 208. 6s. 6d.)  
To be reviewed.
- POST, L. F. *Outlines of lectures on the taxation of land values; and explanation with illustrative charts, notes and answers to typical questions of the land-labor-and-fiscal reform advocated by Henry George*. (Chicago: The Public. 1912. Pp. 145. 30 cents.)
- REIMERS, C. E. *Die deutschen Bühen und ihre Angehörigen: eine Untersuchung über ihre wirtschaftliche Lage*. (Leipzig: Duncker und Humblot. 1911. Pp. xix, 772. 15 m.)

ROSS, P. V. *Inheritance taxation; a treatise on legacy succession and inheritance taxes under the laws of Arkansas, California, Colorado, Connecticut, etc., and former acts of Congress with forms and full text of statutes.* (San Francisco: Bancroft-Whitney Co. 1912. Pp. lxix, 841. \$6.)

SAVARY, H. R. *L'alcool et les nécessités budgétaires.* Reprinted from the "Revue de Paris." (Coulommiers: Paul Brodard. 1912. Pp. 28.)

Believes that a reform of the tax on alcohol would not help in keeping the budget in balance; what is needed is suppression of fraud.

TETZLAFF, O. *Die Steuern und Schulden der preussischen Städte und grösseren. Landgemeinden im Rechnungsjahr 1910 und die von ihnen im Rechnungsjahr 1911 erhobenen Zuschläge zu den staatlich-veranlagten direkten Steuern.* (Berlin: Verlag des konigl. statist. Landesamts. 1912. Pp. 87. 2 m.)

— *Tax law of the state of New York . . . with all amendments made at the legislative session of 1912, completely indexed.* (New York: Baker, Voorhis & Co. 1912. Pp. 246. \$1.)

*The economic position of Ireland and its relation to tariff reform. Memorandum by the Tariff Commission.* (London: King. 1912. Pp. 43. 3d.)

— *Taxes in force in England and Wales, Scotland, and Ireland, separately, for each year since 1823, specifying the principal rates and the yield of each tax.* (London: King. 1912. 1s. 2d.)

*Militaires devant l'impôt. Droits et obligations des officiers et sous-officiers des armées de terre et de mer en matière de contributions directes et de taxes y assimilées.* (Paris: H. Charles-Lavauzelle. 1912. Pp. 76. 1.50 fr.)

## Population and Migration

*An Experiment in Alien Labor.* By E. GEORGE PAYNE. (Chicago: The University of Chicago Press. 1912. Pp. 72. \$75.)

This study in immigration, originally offered as a doctor's thesis in Germany and now translated and elaborated, presents a critical account of the experiment in the importation of Chinese laborers to the Transvaal in 1904, for indentured service in the mines. There is an interesting discussion of the reasons why native labor has always proved inadequate and unsatisfactory; a brief history of several investigative commissions that proposed no practicable plans of relief; and a slight review of the attempt to supply the increasing demand for cheap labor, created by the

opening of new mines, with Indian coolies. The conclusion is reached that "economic conditions make it impossible to use European white labor" and that the very cheapest grade of labor must be secured if the poorer mines are to be brought into production.

After a decade of public agitation and against considerable opposition, the government finally agreed to permit the mine owners to import Chinese laborers under a system of indenture and special administrative regulations. The coolies were to be strictly confined to the mines and compounds; allowed to perform only unskilled labor; and were forbidden to follow any trade, to acquire any property or to engage in any independent enterprise. The special ordinance passed for their control was directed at preventing escapes and at the suppression of insubordination.

Under this system about 55,000 Chinese were imported in the course of two years by the Agency of the Chamber of Mines and under the supervision of the Transvaal and Chinese governments, the agents receiving a definite sum for each laborer. The author concludes that from the standpoint of the employers, "the coolie demonstrated his competency—his efficiency was equal to that of the whites and double that of the natives"; but that from the standpoint of the state, there was reasonable ground for objection to them. They were producers but not to any great extent consumers, and as the stock in the Transvaal mines is held principally by foreigners, the greater part of the increase from Chinese labor went to foreign lands; and the Chinese were, moreover, unassimilable.

The reasons for the failure of the experiment, which ended abruptly in the repatriation of the coolies after two years, were many, but among those mentioned the more important seem to have been: the careless method of recruiting laborers; the selection of a superintendent who knew only the South China dialects while the coolies came chiefly from North China; and the lack of incentives to good work and good conduct on the part of the laborers—"There were only two possible places for the coolie in the Transvaal, the mine and the prison." Since the managers of the mines did not coöperate happily with the police and the government in the control of the workmen, the shrewd Chinese were able to take advantage of it. The causes of failure are briefly summarized as follows: "For an explanation of the failure of the experiment we must look to other causes than the character of those who took

service in the mines. The causes are to be found in the Importation Ordinance and the effect of its limitations upon the work of the Chinese. The difficulties in the Ordinance were emphasized, moreover, by the character of those who attempted to operate it."

It is unfortunate that in a paper which contains so much valuable information on labor conditions in the Transvaal the historical comparisons with Chinese labor elsewhere should be so incomplete as to be misleading, and a few of the statistics inaccurate. There is no mention of the coolie contract emigration of the last century with the results of which this indenture service might properly be compared; and no notice is taken of the difference in character and capacity between the free emigrants, such as went to California and Australia, and the desperately poor class who are the only laborers in China likely to accept contract service in a foreign land. A few errors in the figures of the Chinese in the United States appear (pp. 6, 7), some of which seem to have been derived from Von Walterhausen's article and which have been corrected by more modern writers. The bibliography does not mention Cowan and Dunlap's exhaustive bibliography of Chinese immigration (1909) which is indispensable to a thorough study.

MARY ROBERTS COOLIDGE.

#### NEW BOOKS

BENINI, R. *La demografia italiana nell' ultimo cinquantennio*. (Rome: R. Accad. dei Lincei. 1911. Pp. 72.)

CASTLE and others. *Heredity and eugenics*. (Chicago: University of Chicago Press. 1912.)

DAVENPORT, C. B. *Heredity in relation to eugenics*. (New York: Holt. 1911. Pp. xi, 298, illus. \$2.)

To be reviewed.

MUSONI, F. *La popolazione in Friuli. Parte I. Denistà*. (Udine: tip D. Del Bianco. 1912. Pp. 50.)

RUSSELL, R. *Preventable cancer. A statistical research*. (London: Longmans. 1912. Pp. 167. 4s. 6d.)

Statistics of different classes of people in different countries have been examined; and it is shown that there is a greater increase of cancer in rich countries than in poor.

SCHOTT, S. *Die grossstädtischen Agglomerationen des Deutschen Reichs 1871-1910*. Schriften des Verbandes deutscher Städtetätistiker, 1. (Breslau: W. G. Korn. 1912. Pp. iv, 130. 3.40 m.)

To be reviewed.

STRUPP, K. *L'immigration japonaise aux Etats-Unis.* (Paris: Pedone. 1912. 1.25 fr.)

WORMS, R. *La sexualité dans le naissances françaises.* Bibliothèque Sociologique Internationale, XLIX. (Paris: Giard et Brière. 1912. 4.50 fr.)

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— *Infant mortality and milk stations. Special report of the New York Milk Committee.* (New York. 1912. \$1.)

*Problems in eugenics. Papers communicated to the first international eugenics congress held at the University of London, July 24th to 30th, 1912.* (London: The Eugenics Education Society. 1912. Pp. xix, 496. 8s. 6d.)

To be reviewed.

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— *Table de mortalité des Japonais.* (Tokio: Imperial Bureau of General Statistics. 1912.)

*Ueber den Einfluss von Beruf und Lebensstellung auf die Todesursachen in Halle a. S. 1901-1909.* (Halle a. S.: Gebauer-Schwetschke. 1912. Pp. v, 168. 1.50 m.)

## Social Problems and Reforms

*Old Age Dependency in the United States. A Complete Survey of the Pension Movement.* By LEE WELLING SQUIER. (New York: The Macmillan Company. 1912. Pp. xii, 360. \$1.50.)

This is the first book to appear upon its theme. In part valuable, it is yet seriously disappointing in some important respects. A word first as to its value. The author, desiring to learn what efforts at systematic provision for old age have been made in the United States, wrote nearly two thousand letters to "corporations, employers, states, cities," etc., and thereby secured very interesting material for chapters dealing specifically with the efforts of industrial establishments and of transportation companies. Much of what he offers here is not elsewhere readily accessible. The chapters on teachers' retirement funds and on municipal provisions also contain new matter upon divers schemes, conveniently brought under one view. The chapters on labor organizations, fraternal societies, and government pensions have a secondary origin.

So much, dealing with Efforts at Relief, is really the middle part of the book. A previous part is on the Causes of Old Age Dependency, found to be two, misfortune and low wages. The former cause turns out to be chiefly accidents, illness and unemployment, three causes of destitution so tangible that they can really to an important extent be dealt with directly, as foreign

experience now so abundantly shows and as our own is just beginning to show. Until these have been dealt with according to their own character, it seems a little *gauche* to urge, in respect of them, a treatment for old age. Immigration is mentioned, with no clear sense of its operation, in connection with unemployment. Yet it is excluded from the discussion of "low wages," the second cause of old-age dependency, despite the fact that those of our workmen who, almost as a class, receive low wages are our immigrants. In general this part of the book is hardly the author's reasoning as to the causes of old-age dependency. His case frequently rests on the very disputable opinions and authority, cited en bloc, of other persons. Minor objections to this part are an inaccurate reading (p. 25) of Warner's *American Charities*, and the citation (p. 28) for "a typical savings bank in Massachusetts" of figures now *forty years old* to show that "the average deposit of wage-earners" is "less than seventy-five dollars"!

The final section of the book may go far to obscure rather than to illuminate the problem of the treatment of old age. So far as they go, the chapters here on individual thrift and on pensions by purchase (insurance companies' annuities, deductions from wages, state annuities), cannot, as descriptions at least, be complained of. Yet they do not go far enough. Too soon we read "From an impartial, thorough-going study of the problem in all its phases, the conclusion is inevitable that the country must provide a system of service pensions for its old and worn-out citizens. . . . The sentiment of the whole wide world in dealing with this problem is that 'service pensions' are the only possible prevention" (pp. 318, 319). Parenthetically it may be contended that outright pensions may signify but they do not "prevent" dependency; though this last part of the book, styled *Plans for Prevention*, is contrasted with the previous part, *Efforts at Relief*. The "wide world" of established service pensions is England, New Zealand, and Australia; the reviewer would add Denmark, correctly described by the author (p. 300), but presently classified with the countries of contributory systems (p. 326).

The doubt as to the "thoroughgoing study of the problem in all its phases" rests on the author's neglect of the contributory systems, especially the two great compulsory systems. To France, whose law has so recently gone into effect that its working could not be studied, three pages are given. Germany, for which twenty

years' experience could be studied, receives "great praise for early leadership" (p. 300), and two pages. Yet even the two pages are not the author's digest of thorough study; they are "a summary . . . received through the courtesy" of the consul-general of Hamburg, "under date of August 28, 1911" and "given in full." Thus Goethe's birthday is celebrated, but the consul's summary is at least gravely in error when it holds that insurance is not compulsory for persons earning over \$476. "Un-American, unnecessary and well-nigh foolish" (p. 330) would be an insurance system, chiefly because of the "withdrawal of this immense sum from the capital of the country, needed in its industrial development and welfare" (p. 330), a withdrawal quite as disastrous, no doubt, as that of the four billion dollars and more locked away (presumably) at this moment by our savings banks. German experience, if not economic logic, might have steered the author past this rock. His bibliography includes no foreign titles; yet, within the last three years, at least three good descriptions of the German scheme have appeared conveniently in English.

It is a pity that a book whose general spirit is so admirable should fail grievously through biased preparation and loose economic thinking.

ROBERT F. FOERSTER.

*Harvard University.*

*The Record of a City. A Social Survey of Lowell, Massachusetts.*

By GEORGE F. KENNGOTT. (New York: The Macmillan Company. 1912. Pp. xiv, 256. \$3.00.)

In this volume is given both a history of the city and a record of its present condition and activities. A study is made of the nationality and vital statistics of the population as constituted in 1900. Then follow chapters devoted to the housing of the working population and the health and standard of living of the people. An immense amount of work has been done upon these chapters. It is doubtful whether the crude death-rate gives an accurate picture of the healthfulness of the different nationalities and whether the question of a standard of living can be adequately discussed from less than three hundred family budgets collected for a week. There are chapters upon the industrial condition, the social institutions, and the recreations of the people. The work



for the most part seems to have been carefully done and Lowell is fortunate in having such a complete record of its activities.

W. B. B.

*National Housing Association. Proceedings of the First National Housing Conference held in New York, June 3, 5 and 6, 1911.* Proceedings of the Academy of Political Science in the City of New York, Vol. II, No. 3. (New York. 1912. Pp. viii, 236.)

The subjects of this collection of papers, concise and practical especially on the sanitary side of the housing problem, indicate fairly the range of the discussion. The opening address on A Housing Program, by Lawrence Veiller, is followed by special articles upon sanitary inspection, alleys, privy vaults, garbage and rubbish, the problems of the small house, the housing conditions of small towns, housing reform through legislation, law enforcement, and the tenant's responsibility, each prepared either by city health officials or prominent officers of private associations concerned with housing reform. The discussion following each paper is recorded and is frequently illuminating.

The "Proceedings" contain no contribution to economic or social science. Except for a comprehensive address on City Planning and Housing, by Frederick Law Olmsted, the larger aspects of the housing problem are neglected. There is no consideration of the relation of the problem to taxation, land values, land ownership, credit systems, transit improvement, co-partnership of tenants, the decentralization of industry, or experimentation in the materials and forms of construction. The chief value of the volume lies in the spirited treatment of practical and urgent sanitary problems by men and women actively interested in health conditions and health legislation and its enforcement.

J. FORD.

*Harvard University.*

*Penal Servitude.* By E. STAGG WHITIN. (New York: National Committee on Prison Labor. 1912. Pp. iii, 162, viii. \$1.50.)

While the American Institute of Criminal Law and Criminology is making available in English the best modern treatises on criminal science by Continental psychologists, philosophers, psychiatrists, and students of criminal law, it is important that there should be

available also an authoritative statement of the latest thought in this country on penology. To make such a statement is the purpose of *Penal Servitude*. In the words of its author, this book "is but a brief summary of the findings of the National Committee on Prison Labor." This committee is a voluntary association having headquarters in New York City, incorporated about three years ago as a result of suggestions coming from John Williams, Commissioner of Labor of the State of New York, and from ex-Governor Hughes. Its work is characterized as one of propaganda; it "defines the underlying principles upon which reform must be based," secures discussion of these principles, and recommends legislation "based on thorough investigation of local conditions" (p. 96). The author of the book is secretary of the committee and is also assistant in social legislation at Columbia University.

The volume is not concerned with the causes of crime, as they originate in physical defects, mental abnormalities, or economic want; it does not discuss the law and court procedure by which crime is sought to be repressed; it makes no theoretical argument for individualization of punishment, though that is plainly taken for granted. It is an attempt to put vividly, by anecdote and argument, the economic and political conditions attending penal treatment in this country today, and the economic and educational answers to the question, What is the best punitive system now obtainable?

Starting with an economic interpretation of the history of punishment, the author quickly concludes that it is the economic value of the labor of the wayward individual that has led to the lease and contract systems of convict labor or to prison production under individual enterprise. It is the desire of the state to realize profits on its convicts that has made the criminal serving his term an economic slave; his body has been owned, he has been forced to labor without choice of occupation, and has been paid practically nothing in return for work.

Present-day ethics, the author thinks, will not much longer endure the existence of slavery or involuntary servitude, even as punishment for crime. Accepting the term "servitude" in the sense suggested in the preceding paragraph, one cannot question that Dr. Whitin has correctly interpreted the tendency of penal reform today and that his hope for the future is entirely well-

founded. The way for the state to break down the slave system, he continues, is to take over its prison industries, to adopt the "state-use" plan of distributing the products, to allow each convict to choose that type of labor suited to his own needs, inclination or capacity, and then to pay him a just return for his work. Each of these steps has been taken in whole or in part by one or more of our own states. New York adopted the "state-use" system of production and distribution in 1894 and this system has since spread to other states. In fewer instances has the prisoner been extended much choice as to the type of labor he should pursue, while the payment of an adequate wage has been experimented with variously. An appendix to the present volume contains instances of legislation on each of these points. To Dr. Whitin's optimism regarding the "state-use" system the common objection may be made that so far this has been a financial failure. The reply is double-edged: the human wastage of private industry in our prisons has been in any sane view a greater financial failure; the reformation of the criminal and protection of society are not readily strait-jacketed in a dollar mark. Let society tax itself, if need be.

The industrial training given the criminal, Dr. Whitin argues, should be that which will enable him to earn a livelihood in his own locality after release. That this is essential to reformation must be the view of those who are familiar with the widespread prison practice of setting convicts to work at shirt-making or in a hollow-ware factory, the first of which is exclusively women's labor and the second of which is a monopolized prison industry.<sup>1</sup>

This program, the author points out, meets also the requirements of education. It enlists the interest and hope of the prisoner, enabling him to work to some attainable end. The objection that a conflict would arise when a state tried to produce only what it could consume and at the same time to supply labor suited to the talents of every individual behind prison walls is met by the suggestion that an interstate exchange of products be effected, thus enlarging tremendously the range of occupations legitimately open to each prison. This is an ingenious plan the soundness of which only experimentation can demonstrate. On the administrative side, now sadly out of gear through political influence, the author

<sup>1</sup> "The Man in the Cage," by Julian Leavitt, in *The American Magazine*, January 1912.

argues for centralized authority, so definite in form that responsibility may be accurately located. There should be also, he urges, some method of recall by which prison administrators may be made to respond to the highest standards of moral action for which the community stands.

Dr. Whitin is too familiar with actual conditions to be academic; he is, perhaps, too engrossed with them to be quite scholarly. Yet there is a degree of detachment and inductive reasoning in this book which should be welcomed in a country where penological practice has been too long left to "spoilsmen" and where popular thought on society's obligation to its law-breakers has been too much moulded by the vapidity of maladministrators and the interested misstatements of speculators in cheap labor.

Two defects in the book cannot go unnoticed. One is an excessive use of italics, carried to such extreme that the reader's eye hurries over the emphasized portions as rapidly as over the rest of the page. The other is loose writing which at times involves the author in vagueness and even misstatement of fact. An example is:

Despite the grandeur of our penitentiary system, the exploitation for private gain of its inmates has continued, so that while the state has slowly but surely come to control the industries of its children, the control of its convict industries is still a new thought in many states today. (p. 6.)

The state, of course, does not control industries in which children are employed in the same sense in which Dr. Whitin desires it to control prison industries. It only regulates the former to a limited extent.

WINTHROP D. LANE.

*Staff of The Survey.*

*Unemployment. A Social Study.* By B. SEEBOHM ROWNTREE and BRUNO LASKER. (New York: The Macmillan Company. 1911. Pp. xx, 311. \$1.60.)

In this volume the authors summarize the results of a most interesting intensive study of a group of 1278 persons found unemployed in the city of York, England, on a given day in June, 1910. If the results of such a study made in a relatively small English city (82,000 inhabitants) may seem to have but slight interest for students of industrial conditions in America, a reading

of the first and perhaps most valuable chapter upon the unemployed youths will suffice to correct an erroneous impression. In it are vivid pictures of the way in which the lack of vocational training, "dead-end" occupations, and unsteady employment are side-tracking youths to the industrial scrap-heap; all of which will be as useful for study here as in England. A strong word for some scheme of vocational training and guidance follows, which is in line with one of the recommendations made in the *Minority Report on the Poor Laws*; but it may be questioned how far the suggestion of compulsory attendance of boys, from fifteen to nineteen, at training schools would prove to be practical for widespread adoption.

It is quite significant that when the groups of irregular and casual workers and the "work-shy" are studied in the succeeding chapters, we see in a large majority of the men but the product of youth neglected or ill-fitted for industry—still further evidence of the importance of dealing with this problem in its earlier stages.

Six definite suggestions for reform are given:

1. Better training for youths.
2. Regulation of work of public bodies.
3. Afforestation.
4. Decasualisation of labor.
5. Insurance.
6. Decentralisation of town populations.

The first, to which reference has already been made, seems most important and useful, while much may be said in favor of the measures suggested in the second and fourth. The writers are less convincing when outlining a rather carefully thought-out plan of afforestation (the third), and when urging (under the sixth) the possibility of duplicating Belgian conditions. Moreover, they are inclined to look for a larger measure of help from labor exchanges than seems to be justified by experience with such agencies.

Nevertheless, in the facts which are adduced in support of all these proposals is to be found material of much value for revealing sub-surface conditions among the workers, to a public that has been all too ready to attribute to frailty and perverseness the responsibility for industrial inefficiency and suffering.

WILLIAM H. PEAR.

*Boston Provident Association.*

## NEW BOOKS

- BRECKINRIDGE, S. P. and ABBOTT, E. *The delinquent child and the home*. (New York: Charities Publication Committee. 1912. Pp. x, 355. \$2.)
- BROCKWAY, Z. R. *Fifty years of prison service; an autobiography*. (New York: Charities Publication Committee. 1912. Pp. xiii, 437. \$1.20.)
- CASSON, W. A. *The housing, town planning, etc., act, 1909*. Third edition. (London: King. 1912. 10s. 6d.)
- CRAWSHAW, F. D. *Manual arts for vocational ends*. (Peoria, Ill.: Manual Arts Press. 1912. Pp. 99. 85c.)
- ENKE, E. *Private, genossenschaftliche und städtische Wohnungspolitik in Essen a.R. vom Anfang des 19. Jahrhundert bis zur Gegenwart*. Tübinger staatswissenschaftliche Abhandlungen, 25. (Stuttgart: F. Enke. 1912. Pp. xiv, 251. 10 m.)
- ELLIS, H. *The task of social hygiene*. (Boston: Houghton Mifflin. 1912. Pp. 414. \$2.50.)  
To be reviewed.
- HERTZKA, T. *Das soziale problem*. (Berlin: G. Reimer. 1912. Pp. xii, 357. 6 m.)
- KERR, G. *The path of social progress. A discussion of old and new ideas in social reform*. (London: Nelson. 1912. Pp. viii, 364. 2s.)
- LANG, O. *Zur Lösung der Wohnungsfrage in Oesterreich. Erfordernisbauten und Baupflicht*. New edition. (Vienna: W. Braumüller. 1912. Pp. 29. 0.70 m.)
- LEAVITT, F. M. *Examples of industrial education*. (Boston: Ginn. 1912. Pp. 8, 330. \$1.25.)
- MANES, C. *Capitalismo e criminalità: saggio critico di sociologia ciminese*. (Rome: tip. Nazionale. 1912. Pp. 428.)
- ORANO, D. *Come vive il popolo a Roma saggio demografico sul quartiere Testaccio*. (Pescara: F. Croce. 1912. Pp. 930. 10 l.)  
An exceedingly minute study of housing and living conditions.
- PEARSON, K. *Social problems; their treatment, past, present and future*. (London: Dulau. 1912. Pp. 40. 1s.)  
A lecture delivered at the Galton laboratory for national eugenics, March 19, 1912.
- SYKES, F. H. and others. *Industrial education*. (New York: Teachers College, Columbia University. 1911. Pp. 61. 30c.)
- TOKE, L. A. S., editor. *The housing problem*. Catholic studies in social reform, 3. (London: King. 1912. 6d.)

WEATHERFORD, W. D. *Present forces in negro progress*. (New York: Association Press. 1912. Pp. 191, illus. 50c.)

WEHBERG, H. *A. Theodor Stamm und die Anfänge der deutschen Bodenreformbewegung*. (Bonn: C. Georgi. 1911. Pp. 67. 2 m.)

WHITEHOUSE, J. H., editor. *Problems of boy life*. (London: King. 1912. Pp. 342. 10s. 6d.)

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*Opportunities in school and industry for children of the stockyards district*. (Chicago: University of Chicago Press. 1912. Pp. 64.)

### Insurance and Pensions

*Bradbury's Workmen's Compensation and State Insurance Law of the United States*. By HARRY B. BRADBURY. (New York: The Banks Law Publishing Company. 1912. Pp. lxxv, 1174. \$6.00.)

In view of the rapid progress recently made in this country in the enactment of laws providing new and more nearly adequate methods of compensation for those who are injured as a result of industrial operations and of the probability that this movement will go on until every state has abandoned the unfair and inexpedient system of liability laws based upon fault or negligence, the appearance of this work is timely.

The book really consists of four divisions, though this is not made apparent by the arrangement of the table of contents. The first of these is the introduction, which sketches very briefly the development of the compensation principle in England and on the Continent. Next comes a series of thirty-seven questions or propositions, covered in an equal number of chapters. Each chapter contains the provisions of the several state laws on the point in question in the form of either a full quotation of the sections of the law bearing upon it or a summary of the same in the words of the author. The third division, chapter 38, gives the full texts of the decisions of state and federal courts on the constitutionality of compensation acts. The final division, chapter 39, consists of the full texts of the British Compensation Act of 1906 and of the laws of the twelve following states: California, Illinois, Kansas, Massachusetts, Michigan, Nevada, New Hampshire, New Jersey, Ohio, Rhode Island, Washington, and Wisconsin. Three states having such laws are omitted—Arizona, Maryland, and New York; the first perhaps because the work had gone to press before its enactment. There seems to be no good

reason, however, why the Maryland and New York laws should not be included. It is true that the New York law has not been accepted by any considerable number of employers, but it is nevertheless a complete compensation act and of special interest as the first elective law to be enacted in the United States.

It is apparent from this outline of the contents of the work that it contains very little original matter. All of the laws have appeared in the bulletins of the United States Bureau of Labor, and the court decisions may be found in the state and federal reports. It is, of course, a matter of convenience to have all of this material available in one volume and this constitutes the real value of the work. Perhaps the most conspicuous instance of this sort of service performed by the author is the quotation from a considerable number of British decisions on some of the most fundamental questions which will arise in the interpretation of the various acts.

The least satisfactory part of the work is the introduction, which affords a very inadequate idea of the several foreign systems mentioned. Unfortunately the author has chosen to fill most of the space here with a long quotation from the pessimistic criticism of the German law by Dr. Ferdinand Friedensburg.

CARROLL W. DOTEN.

*Massachusetts Institute of Technology.*

*Social Insurance.* By G. H. KNIBBS. (Melbourne, Australia: Commonwealth Bureau of Census and Statistics. 1912. Pp. 70.)

In this report the Australian bureau makes a very careful investigation of the methods of meeting the problem of insuring the working classes in different nations and cities. There is not only a concise description of what is being done, but also criticism of the system and specific illustrations of its weakness in administration. The discussion of unemployment is particularly good. The report is a valuable contribution to social insurance, and largely because the work has been done so carefully and reported so clearly and concisely. Its value is increased by an excellent census and an index.

W. F. G.

#### NEW BOOKS

AMANN, E. *Führer durch die deutsche Arbeiterversicherung. Kranken-, Unfall- und Invaliden-Versicherungsgesetz, Witwen- und Waisenver-*



- sicherung mit Erläuterungen.* (Munich: Süddeutsche Volksbuchh. 1912. Pp. 88. 0.35 m.)
- CROASDELL, W. C. *The national insurance act. How it works and what it secures.* (London: Ganes. 1912. Pp. 99. 1s.)
- EMMINGHAUS, B. *Das Versicherungswesen.* Third edition, revised. (Leipzig: J. J. Weber. 1912. Pp. 244.)
- EVANS, E. B. *Cases on the law of insurance selected and annotated.* (Chicago: T. H. Flood & Co. 1912. Pp. xxiii, 1012. \$5.)
- FRANKEL and DUBLIN. *The principles of life insurance. A course of instruction for the agents of the Metropolitan Life Insurance Company, Lessons I-X.* (New York: Metropolitan Life Insurance Co. 1912.)
- KASKEL, W. and SITZLER, F. *Grundriss des sozialen Rechts. 1 Bd. Grundriss des sozialen Versicherungsrechts.* (Berlin: Springer. 1912. Pp. xv, 484. 9 m.)
- LASS, L. *Invaliden- und Hinterbleibendenversicherung.* (Mannheim: J. Bensheimer. 1912. 6 m.)
- MANES, A. *Sozialversicherung.* Third edition. (Berlin: G. J. Göschen. 1912. Pp. 175. 0.80 m.)
- MASSE, D. *Les retraites ouvrières et paysannes.* (Paris: Giard et Brière. 1912. 2.75 fr.)
- MOLDENHAUER. *Die Versicherung der Arbeitslosen.* Mitteilungen des Mittelrheinischen Fabrikanten-Vereins, 505. (Leipzig: G. J. Göschen. 1912.)
- NAGEL, M. J. *Brandkatastrophen und Brandschäden in den Vereinigten Staaten, deren Ursachen und Wirkungen.* Abhandlungen aus dem Gebiet der Feuerversicherungswissenschaft, 19. (Hannover: C. Brandes. 1912. Pp. 56. 1.50 m. For the U. S. 50c.)
- PIERACCINI, G. *Le assicurazioni sociali.* (Milan: F. Vallardi. Pp. 288. 8 l.)
- PRINGLE, A. S. *The national insurance act, 1911, explained, annotated and indexed.* (London: W. Green. 1912. Pp. 564. 10s. 6d.)
- STONE, G. *Questions and answers on national insurance.* (London: Butterworth. 1912. Pp. xxi, 224. 1s.)
- TARNA, A. W. *Student's guide to life assurance in theory and practice. To which are added chapters on fire and other branches of insurance.* (London: Macdonald & Evans. 1912. Pp. 224. 3s. 6d.)
- WULKOW, H. and others. *Die technischen Erfordernisse bei der Berechnung der Dividendenreserve für die mit Gewinnanteil Versicherten. Preisgekrönte Arbeiten.* Veröffentlichungen des deutschen Vereins für Versicherungswissenschaft, 24. (Berlin: E. S. Mittler und Sohn. 1912. Pp. iii, 299. 10 m.)

——— *Bundesgesetz über die Kranken- und Unfallversicherung. Loi fédérale sur l'assurance en cas de maladie et d'accidents. Vom 13.6.1911. Mit Inhaltsübersicht und systematisch, alphabetisch geordnetem Sachregister.* (Bern: K. J. Wyss. 1912. Pp. iv, 103. 1.60.)

### Socialism and Co-operative Enterprises

*The Ricardian Socialists.* By ESTHER LOWENTHAL. Columbia University Studies in History, Economics and Public Law, Vol. XLVI, No. 1. (New York: Longmans, Green and Company. 1911. Pp. 105. \$1.00.)

*The Essentials of Socialism.* By IRA B. CROSS. (New York: The Macmillan Company. 1912. Pp. 152. \$1.00.)

*Socialism and the Ethics of Jesus.* By HENRY C. VEDDER. (New York: The Macmillan Company. 1912. Pp. xv, 527. \$1.50.)

*Elements of Socialism.* By JOHN SPARGO and GEORGE LOUIS ARNER. (New York: The Macmillan Company. 1912. Pp. 382. \$1.50.)

*Socialism As It Is. A Survey of the World-Wide Revolutionary Movement.* By WILLIAM ENGLISH WALLING. (New York: The Macmillan Company. 1912. Pp. xii, 452. \$2.00.)

Of the making of books upon socialism there is no end; and the variety and quantity of these discussions are an evidence of the virility and comprehensiveness of this great movement. Those here under consideration are but a few of those printed in the United States in the last few months but they include a scholarly investigation in the history of socialism, a guide to the study of the subject by a non-socialist, a propagandist textbook, a survey of the movement from within the ranks, and a study of its relation to fundamental questions of life.

Since Professor Foxwell, in his introduction to Menger's *The Right to the Whole Produce of Labor*, made clear the significance of the early English socialists, there has been conspicuous neglect to investigate the rich and important material produced by the vigorous social and political thought and movement in England during the early nineteenth century. Dr. Lowenthal has done well to study carefully in her thesis four of the six writers considered by Professor Foxwell, namely, William Thompson, John Gray, Thomas Hodgskin, John Francis Bray. That Godwin should have been omitted because of the attention he has already received

is natural; but it is to be regretted that Charles Hall was not included in this study though he antedates Ricardo and would not come under her title. Dr. Lowenthal concludes that "there is no evidence that the socialists were particularly impressed by his (Ricardo) teachings," and that "only Hodgskin betrays an intimate knowledge of his work." The monograph does not confine its attention to the relation of these men to the economic thought of the time, but "attempts to estimate the relative importance of the Utopian and the scientific elements in the reasoning of these socialists and to examine in some detail their political and economic theories." In her final classification the author places Thompson and Bray among the Utopians because of their emphasis upon perfectability and the rights of man; and states that while Gray and Hodgskin have an economic basis, the latter is politically inclined to anarchism, while Gray, although nearest to the scientific school, repudiates socialism.

Professor Cross' little book is a brief outline for the study of socialist doctrine. It is very—perhaps excessively—compact, the socialist indictment, for example, being compressed into eighteen lines, and the statement of the class struggle doctrine, with the arguments for and against it, into a little over three hundred words. On the whole the subject is presented impartially. The references are extensive, classified, and fairly specific. The book will undoubtedly prove a useful guide to college classes and the serious reader.

Professor Vedder's aim, he tells us, is "first, to sketch briefly the history of socialistic principles and parties in modern times; second, to examine with sufficient thoroughness the fundamental principles of present-day socialism; third, to enquire in what respects these principles correspond to the ethics of Jesus, and wherein the two differ." The author is very sympathetic with socialism; agrees with the most extreme criticisms of the present order, hopes for and expects a socialist state, but harshly criticises Marxian principles. The following (p. 383) seems to sum up his point of view: "The method of Jesus is sound; that of socialism illusory. But while the method of Jesus is indispensable, the method of socialism is not hostile to it. Socialists and Christians are natural allies, not necessary opponents." The book is oracular and ministerial. While far from judicial in tone, it might be

said to be impartial, for it pours forth sarcasm and disapproval upon socialist, economist, capitalist and churchman alike. The lack of economic training and knowledge is constantly apparent. A few typical quotations will reveal the tone and spirit of the author: "The political economy of Smith and his school is nothing more than a pseudo-science, and its 'laws' mostly bugaboos to frighten the people in their intellectual childhood" (p. 180); "a science of economics founded wholly on man's bestial selfishness . . . is well named the 'dismal science'. But it ought also to be called the lying, slanderous science" (p. 205); "distribution was automatically effected—in the same way that an automatic distribution of swill is made in the hog-pen: the strongest hogs get what they want first, and the others get what may happen to be left" (p. 202); "the life and fortune of half the voters of the United States are at this moment at the mercy of these ten men" (p. 245); competition "is the flat denial of the golden rule. No Christian can defend competition without intellectual and moral *hara-kiri*" (p. 273); "rent and interest are in their nature immoral. We are assured that 'business' could not be carried on without them. It is perfectly true, and perfectly conclusive proof that modern business ought not to be carried on" (p. 422). While there is, perhaps, no greater social need than that the church should see the essentially religious significance of the industrial problem and passionately strive to extend the conception of righteousness to include economic justice and industrial improvement, a book like this will do little to secure that end.

Mr. Spargo's unwearied pen, reinforced by that of Dr. Arner, has produced a "textbook" of socialism. There seems to be no particular reason for calling it a textbook except that, at the end of each chapter, there are brief summaries and questions. Such references as are given on disputed points are almost exclusively to socialist authorities. The book is divided into five parts: Socialism as a Criticism; Socialist Theory; The Socialist Ideal; The Socialist Movement; Policy and Program. The chapters in the last part on Socialism and Social Reform and The Reform Program of Socialism are interesting statements of the moderate attitude. In general the book repeats that view of socialism which has become familiar to readers of Mr. Spargo's previous writings: "Back to Marx," to a Marx who has been misrepresented, who was never so extreme as his successors have been, a Marx

glorified and almost deified. Those who first approach socialism through this or any other of Mr. Spargo's books should note that, however sound his presentation of Marxian socialism may be, it is not, in many respects, that of a large portion of socialists and that there is acute opposition to his exposition and attitude. All in all this work is perhaps the most comprehensive and best of his books.

The most important of the volumes under consideration is Mr. Walling's *Socialism As It Is*. Starting with the assertion that "the only socialism of interest to practical persons is the socialism of the organized socialist movement," the author bases his description on the acts of socialist organizations and the responsible declarations of great representatives of the movement, giving relatively little attention to the earlier writers, although they are not neglected. The book reveals an enormous amount of reading and an intimate, inside acquaintance with every phase of the subject. It is divided into three parts of which the first, called State Socialism and After, differentiates socialism from other movements; the second, The Politics of Socialism, sets forth "the internal struggle by which it is shaping and defining itself"; and the third, Socialism in Action, treats of the relation of socialism to the class struggle, the land question, trade-unionism, syndicalism, the general strike and other live problems. Mr. Walling points out constantly that extension of state action is not necessarily socialism; that the former may be used for the benefit of all classes, even for the large capitalist and very commonly for the small capitalist as against the large, but that socialism attacks the whole capitalist system and looks forward not merely to a working-class, collectivist control of society but to the use of such control to give the social product to the worker. Socialism is not simply a political theory in contrast to individualism, nor even the use of a democratic, collectivist state to improve the condition of the worker—it is the annihilation of capitalism. In the chapter on Revolutionary Politics he combats the view that revolution will be unnecessary because of the gradual securing of reform. The essence of socialism is the abolition of capitalism—not simply some improvement of condition for the working class. While the capitalist and especially the progressive favor reforms, they do it to strengthen capitalism or to avoid revolution. The socialist may accept the results of progressive reform but he is not

deceived into thinking this is socialism. Familiar as these views are to those conversant with the subject, they are often overlooked. Certain people are much alarmed at the alleged drift toward socialism revealed in state social reform policies. Others, rightly distressed by the evils of the present industrial order, sympathizing with state action for their alleviation, and misled by certain socialist writers into believing that such progressive measures are socialism, align themselves with that party. Both these groups, widely apart as they are, should note the fact clearly brought out by this study that socialism is a movement which believes that capitalism large and small should be annihilated by a class struggle. It is unfortunate that such an important book should be written in a style so involved, obscure, and tedious that it is in danger of not being read as widely as it should be.

HERBERT E. MILLS.

*Vassar College.*

*Syndicalism and Labour.* By SIR ARTHUR CLAY. (New York: E. P. Dutton and Company. 1911. Pp. xv, 230. \$2.25.)

*The Labor Movement in France. A Study in Revolutionary Syndicalism.* By LOUIS LEVINE. Columbia University Studies in History, Economics, and Public Law, Vol. XLVI, No. 3. (New York: Longmans, Green and Company. 1912. Pp. 212. \$1.50.)

*La Question Agraire et le Socialisme en France.* By COMPERE-MOREL. (Paris: Marcel Rivière. 1912. Pp. 455. 8 fr.)

*The Anarchists: their Faith and their Record.* By ERNEST A. VIZETELLY. (New York: John Lane Company. 1911. Pp. xii, 308. \$3.50.)

*The Record of an Adventurous Life.* By HENRY MAYERS HYNDMAN. (New York: The Macmillan Company. 1911. Pp. xi, 422. \$1.75.)

There was need of a work covering the ground which Sir Arthur Clay here stakes out, the recent outburst of syndicalist activity in Europe, but the lack still remains. In the first part of his book the author passes in review the syndicalist strikes in France, Sweden, Italy, Spain, and the United Kingdom. The arrangement is clear, and the details given of these scattered movements are useful as an introduction to the subject. But the usefulness is narrowly limited by the author's lack of an economic background,

his reliance throughout on second and third-hand sources such as M. Mermeix's *Le Syndicalisme contre le Socialisme* and the "London Times," and the naïve attitude, sufficiently indicated by the statement, given as an axiomatic and crushing criticism of syndicalism, that "its doctrine is directly antagonistic to the elementary principle which is the corner-stone of social morality, respect for the right of personal property." The later chapters, consisting of discursive notes on the tendencies of English trade-unionism, have some value because of the copious quotations, but on the whole the book is more valuable as an unconscious revelation of the social creed of a barrister of the Middle Temple, J. P. of Surrey and landowner of Banffshire than as an account of syndicalism.

Dr. Levine's monograph (a Columbia doctoral thesis), while limited to the consideration of the French movement, is easily the most comprehensive and illuminating study of revolutionary syndicalism that has appeared in English. A thorough familiarity with the sources, systematic arrangement, a clear style, and an impartial but not unsympathetic attitude assure the reader of a good grasp of the principles and practices of the movement which has restored to France its old-time primacy in social radicalism. The historical chapters trace the development both of the doctrine of syndicalism and of the organ through which it has found expression, the General Confederation of Labor. They are followed by a well-balanced analysis of the creed and tactics of today. The relative influence of working-class practice and of the theory of the "intellectuals" is discriminately estimated; in discussing the claim that the syndicalist movement represents a return to Marx, Dr. Levine points out three essential features of Marxian thought which are quite foreign to the thinking of Sorel and the neo-Marxists—the determinism of Marx, his intellectualism, and his emphasis on the technical factors in social evolution. The chief criticism to be passed on the book is that the author has not seen fit to provide, except in some incidental references, a basis and background for the discussion of the attitude of the labor unions to the new movement by giving a survey of the strength and character of the French labor organizations in the different industries and of the economic and racial factors which have shaped their growth. But, as it is, the study is an admirable piece of work.

Complementary is the study of the French rural situation by Compère-Morel, easily the leading theorist and practical propagandist in the French socialist party's "peasant-fishing" campaign. It is curious to see state socialism, rejected by the town worker in favor of syndicalism, finding new fields in the country. In the first of the three sections, M. Compère-Morel pictures the peasant world of France, endeavoring to prove that concentration is proceeding rapidly, and that the farm laborer, day or domestic, the cash or share renter, subjected to new *corvées*, and the small owner, burdened by debt and exploited by the middleman, are ripe for socialism. The analysis, which agrees with that of Kautsky and Vandervelde rather than that of David, Herz, and Bernstein in the contention that the small farmer cannot possibly compete against the large, is valuable for its first-hand freshness of detail; but it is a partisan brief and requires to be supplemented by some such presentation of the other side as that in the Department of Agriculture's recent publication, *La Petite Propriété Rurale en France*. The second section forecasts in eloquent if not altogether novel terms the organization of agriculture under socialism, asserting that the small owner employing no outside labor will be allowed not only to keep but to bequeath his farm, till such time as the superior attractiveness of the large communal working has drawn him voluntarily into its ranks. It is, however, open to question whether coöperation, which Compère-Morel looks to as a transition stage, would really change the peasant's individualistic mentality as completely as he expects. And, if one may be pardoned for reminding a socialist of an inconvenient aspect of class conflict, given the farming class buttressed by tax reductions, fair rent commissions, communal machinery and coöperative marketing, and—alike in France and the United States—demanding protection on foodstuffs, how unite them harmoniously in one party with town workers, especially if the reforms directed against the middleman lessen incidentally his lightning-rod or buffer-state serviceability?

Perhaps most valuable is the third section, in which the author takes up in turn each of the eighty-seven departments of France, and notes briefly the character of soil, the prevailing pursuit, the size and tenure of the farms, the extent of coöperative effort, the wage of laborers, and other significant details. It is to be hoped that from socialist or other sources, a similar service will shortly be performed for America.



Mr. Vizetelly, best known as the translator of Zola, gives here a popular descriptive account of anarchist activities since Bakunin's day. The attempts on the life of the Kaiser, the Ravachol terror, the Barcelona outrages, the Haymarket affair, and the assassination of Elizabeth of Austria and Humbert of Italy are narrated in detail. The work makes no attempt to discuss anarchist theory, but is a convenient compilation of facts as to the propaganda by deed.

Mr. Hyndman's graphic autobiography will interest the general reader through its pictures of Meredith, Disraeli, Clemenceau, and Randolph Churchill, or its many lively anecdotes, and the student of socialism through its chapters on Marx, Mazzini, Morris, Liebknecht, Jaurès, and especially on the fortunes of the party which Mr. Hyndman did so much to form and keep alive. We are given a picture of the early days of *Justice*, "Morris in his soft hat and blue suit, Champion, Frost and Joynes in the morning garments of the well-to-do, several working-men comrades, and I myself wearing the new frock-coat, in which Shaw said I was born, with a tall hat and good gloves, all earnestly engaged in selling a penny socialist paper during the busiest time of the day in London's busiest thoroughfare." The tall hat and frock coat are never far absent, and perhaps account somewhat for the fact that the sacrifices made by this wealthy Cambridge graduate in the interest of the cause were neither fully appreciated nor fully successful, as the embittered tone of many passages reflects. Yet there is much truth in the point made later in the book:

The greater part of the really arduous work of socialism in every country . . . has been done not by the artisans and laborers themselves, but by the highly educated men of the class above. . . . Joffrin, Bracke, Debs, Anseele, Quelch, Williams, and the veteran August Bebel have been quite the exceptions, and even they, all put together, have not developed the originality that might be expected from a rising class. A slave class cannot be freed by the slaves themselves. The leadership, the initiative, the teaching, the organization, must come from those who are born into a different position, and are trained to use their faculties in early life. So far, several of the more energetic of the working class, when they have obtained their education from the well-to-do socialists who have been sacrificing themselves for their sake, have hastened to sell out to the dominant minority, and most of the workers, in Great Britain at any rate, have applauded their sagacity, and have voted for the successful turncoats at the polls.

Mr. Hyndman's intimate story is indispensable to an understanding of British socialism of the last generation.

O. D. SKELTON.

*Queen's University, Kingston, Ont.*

*Coöperation among Farmers.* By JOHN LEE COULTER. The Young Farmer's Practical Library. (New York: Sturgis and Walton Company. 1911. Pp. vii, 281. 75 cents.)

As is clearly implied in the title, this excellent little book is not a treatise on coöperative farming, but on coöperation among farmers. There is practically no coöperative farming in the United States, but there has been some hopeful development of coöperation among farmers in the marketing and distribution of their products. Coöperation in this field is one of the various phases of the as yet unsolved problem of getting the products of the farm to the consumers in the cities with the least possible waste. The problem of production on the farm has received the attention of the best agricultural talent of the country, and for that reason has been solved in a practical way. Because our best agricultural talent has been concerned with the problem of farm production, the equally important problem of marketing and distribution has been largely neglected. The book before us is a timely and valuable contribution to the solution of this problem. It applies particularly to what is called "better business" in the formula which has become current within recent years—"Better farming, better business, better living."

The book opens with an argument for coöperation. This is followed by chapters on coöperation in various lines of agricultural enterprise, such as Dairy Farming, the Marketing of Butter and Cheese, Marketing of Meat Animals, Storing and Marketing of Grain, Vegetables, etc.; and a very interesting and informing account of successful coöperative enterprises in various parts of this country. There is also a chapter on Coöperative Stores, though unfortunately the author must get his best material bearing upon this subject from abroad. There is little experience in this country to encourage farmers in trying to save the middlemen's profits in the handling of goods produced by other enterprises for sale to farmers. This doubtless speaks more favorably for the success of manufacturers in the marketing and distribution of their products than for that of the farmers in selling their own

products. At any rate, there seems to be much less opportunity for saving by the establishment of coöperative stores in the country to sell the products of other industries to farmers than there is in coöperative enterprise for the sale of farmers' products to other people.

The author makes clear, however, that the advantages of coöperation are not wholly financial. It has become a commonplace in recent years that the great evil of country life is isolation, as congestion is of city life. The mental and moral results of the one are about as bad as of the other. As a by-product of coöperation among farmers, there is increased contact of man with man and an enriching of social life in rural communities. Dr. Coulter has rendered a distinct service to the country-life movement by writing this book.

T. N. CARVER.

*Harvard University.*

*Report on Industrial and Agricultural Coöperative Societies in the United Kingdom.* (London: Wyman and Sons, Ltd. 1912. Pp. lv, 273. 1s. 8d.)

This report "revises and extends" the *Report on Workmen's Coöperative Societies in the United Kingdom* issued by the Labour Department in 1901. The earlier report reviewed British coöperative movements to 1899; the present volume covers the succeeding decade. The societies are classified in four main divisions: (1) Industrial Coöperative Societies, (2) Agricultural Societies, (3) Banking, Credit, and Insurance Societies, (4) Housing and Building Societies.

The retail distributive societies are shown to have grown 53 per cent in membership and 56.3 per cent in sales within the decade. Their industrial practices are concisely outlined. Workmen's productive coöperation is shown to have declined except in so far as controlled by consumers' associations. Agricultural coöperation has grown rapidly within the ten-year period, especially in England where the new Agricultural Organization Society and the governmental aid through the Small Holdings Act of 1907 have given vitality to the movement. Coöperative banking, though it has taken new forms within the decade, remains relatively insignificant. Coöperative insurance has increased in scope by the institution in 1904 of collective life insurance for all members of

consumers' societies, as well as by the formation of new agricultural insurance societies. Coöperative housing has taken new life in the formation of Copartnership Tenants' Societies. The semi-coöperative building societies are decreasing in number.

The report is descriptive and statistical in character. It does not seek to offer either commendation or criticism, and ignores the moral function of the coöperative movement, which, to the founders and to Holyoake, C. Webb, and other British writers, is its most important achievement. Furthermore, the text is perhaps too lacking in detail to be completely intelligible to the student who is unfamiliar with coöperative methods. The book, as a whole, including specimen by-laws, balance sheets, bibliography, and 223 pages of statistical tables, in addition to the text, is peculiarly valuable for reference as to the economic status and recent growth and practices of all parts of the British coöperative movement.

JAMES FORD.

*Harvard University.*

#### NEW BOOKS

BELLET, D. *Illusions socialistes et réalités économiques. Grèves et arbitrage obligatoire. Pour remplacer le salaire. Expériences australiennes.* (Paris: Rivière. 1912. 3 fr.)

BRETON, J. L. *L'unité socialiste. Histoire des partis socialistes en France, VII.* (Paris: Rivière. 1912. 0.75 fr.)

CERVIGNI, S. N. *Le teorie fondamentali del Marxismo; saggi di interpretazione e di critica.* (Rome: Lib. Ed. Romana. 1912.)

CLANCY, W. *Catholicism and socialism.* (Bridgeport, Conn.: Advance Pub. Co. 1912. Pp. 35. 10c.)

EHINGER, O. *Die sozialen Ausbeutungs-Systeme, ihre Entwicklung und ihr Zerfall.* (Munich: E. Reinhardt. 1912. 4.50 m.)

FOELSKE, H. E. *The practice of democracy, socialism versus individualism.* (Milwaukee: C. N. Casper Co. 1912. Pp. 73. 40c.)

GAYLORD, W. R. *Socialism is coming—now.* (St. Louis: Labor Pub. Co. 1912. Pp. 46. 10c.)

KNOOP, D. *Principles and methods of municipal trading.* (New York: Macmillan. 1912. Pp. xvii, 409. \$3.25.)

To be reviewed.

DE PREAUDEAU, M. *Michel Bakounine, le collectivisme dans l'internationale (1868-1876).* (Paris: Rivière. 1912.)

Although it contributes nothing new concerning the career of the

great agitator, this work is a serious documentary study; and gives extensive bibliographies.

SANDAY, W. *Some weak points in christian socialism. A defence of the middle classes.* (London: Longmans. 1912. 1s.)

SPARGO, J. *Applied socialism; a study of the application of socialistic principles to the state.* (New York: B. W. Huebsch. 1912. Pp. xxviii, 333. \$1.50.)

To be reviewed.

WESTFALL, R. *Facts; or What a socialist is and what he is not.* (Detroit, Mich.: R. Westfall. 1912. Pp. 63. 10c.)

ZEVAES, A. *Le socialisme en 1912.* Histoire des partis socialistes en France, XI. (Paris: Rivière. 1912. 0.75 fr.)

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## Statistics and Its Methods

### NEW BOOKS

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MULLER, E. *Einführung in die Statistik.* (Munich: Duncker und Humblot. 1912. 1.80 m.)

OTTOLENGHI, C. *La determinazione dei valori unitari medi d'importazione e d'esportazione nella statistica commerciale.* (Torino: Lattes. 1912. Pp. 97. 3 l.)

## DOCUMENTS, REPORTS, AND LEGISLATION

### Industries and Commerce

REPORT OF THE MASSACHUSETTS COMMISSION ON COLD STORAGE. The public concern with economic and social effects of cold storage is reflected in the facts that in the year 1911 laws regulating cold storage were passed in five states while in several other states bills were introduced. The only state legislation of earlier date is a Kansas law of 1907 which was intended merely to prevent the storage of undrawn poultry, game, and fish.

The Massachusetts legislature responded to the public interest in the subject by providing in July, 1911, for a commission of citizens to be appointed by the Governor and to report in January, 1912. The report of this body is a document of 200 pages, followed by 100 pages of appendices. (*Report of the Commission to Investigate the Subject of the Cold Storage of Food and of Food Products Kept in Cold Storage*, Boston, 1912, pp. 308.)

The report proper contains an introductory statement in which the function of cold storage is discussed, and its technique and conditions attending its operation set forth. The main body of the report is devoted to a consideration of the effect of cold storage on health and on prices. This is followed by a review of existing legislation and a critical discussion of proposed legislative measures. Finally there is an excellent summary of the whole discussion.

In the appendices is given the commission's draft for a bill; laws and administrative regulations in other states and in Canada; wholesale prices of eggs, butter, and poultry in the Boston market, 1881 to 1890 and 1901 to 1910; statistics of refrigerating concerns in Massachusetts; resolutions of trade bodies; statements of witnesses; and official reports on cold storage.

The effect of cold storage on health, the report concludes, has been in general beneficial, in that it has brought about an expansion and diversification of food supply. The injuries, it finds "are occasional and temporary and can be eliminated by proper regulation" (p. 192). The report holds the weight of evidence to show that a retarded deterioration of perishable food products takes place in cold storage, and that this may affect the palatability of an article without impairing its wholesomeness or nutritive value. The time during which an article can be kept wholesome varies with different commodities and depends largely upon the methods used in preparing for storage. In the

absence of definite scientific determination of normal limits of storage for different commodities the commission concludes that "prolongation of cold storage beyond one year, even under correct conditions, appears to be undesirable and prejudicial to the public health" (p. 193).

With respect to the influence of cold storage on price the commission finds that the effect is to make prices lower and steadier (p. 193). It finds no tendency toward monopoly in the cold storage business (pp. 94 to 96), and it regards the kind of speculation involved as beneficial, in that it tends to diminish seasonal fluctuations in food-stuffs and to equalize supply and demand. In connection with the discussion of price a valuable chart is introduced, which shows, comparatively, price fluctuations of butter, eggs, and fowls in the Boston market, by months, for the decades 1881-1890 and 1901-1910. This and other data presented indicate for all three commodities less seasonal fluctuation in the latter decade and also a lower average price level for butter and fowl. The higher level for eggs in the later decade is explained by the increased use of eggs, especially for egg drinks, and by the fact that storage eggs are a less acceptable substitute for the fresh article than is the case with butter and fowl. No mention is made of the possible influence of general factors such as the relative purchasing power of money in the two decades.

The law passed in pursuance of the report, and which became operative on September 1, 1912, deviates in several important regards from the committee's recommendations. The following are the principal provisions recommended, together with those embodied in the law:<sup>1</sup>

1. Regulation to apply to fresh meat and fresh meat products, *except in the process of manufacture*, fresh food, fish, poultry, eggs, and butter [and any other food products that may be specified from time to time by the state board of health].

2. No cold storage warehouse to operate without a license issued for one year by the state board of health after inspection and approval of plant. Warehouses [to keep accurate records of receipts and withdrawals] to make quarterly reports to the state board of health, the board being empowered to close a warehouse if conducted in an unsanitary manner, and to suspend the license in case required changes are not promptly made.

3. No article of food to be placed in cold storage if deemed by the state board of health to be diseased, tainted or otherwise unwholesome,

<sup>1</sup>The brackets indicate matter contained in the commission's recommendations but not embodied in the law. *Italics* are used for matter added by the legislature.

the board and its authorized agents to have access to all establishments for such inspection as it may deem necessary to a proper enforcement of the act.

4. Products to be marked with the date of receipt into storage [and of withdrawal from storage] either on the containers or if not packed in containers, on tags in connection with the articles, *except fish*.

5. Time of holding in storage to be limited to twelve months, the state board of health to have power to extend the time for particular consignments [and to fix a shorter limit for any article of food if found desirable].

6. It shall be unlawful to offer for sale any cold storage article without notifying prospective purchasers *by the display of a sign marked "Cold Storage Goods Sold Here"* [the state board of health to determine to what extent tags, labels, signs and other provision shall be used to enforce the prohibition].

7. The return to storage of goods that have been withdrawn and put on sale prohibited.

8. Broken eggs packed in cases if not intended for use as food, when deposited in storage shall be marked in accordance with forms prescribed by the state board of health so as to indicate plainly that they are not to be sold for food.

9. State board of health may make rules and regulations for the enforcement of the act including rules and regulations with respect to [the sanitary preparation of articles of food for cold storage] the use of marks, tags or labels, and the display signs, and may fix penalties for the breach thereof.

10. Penalty for violation of act for first offense fine not to exceed one hundred dollars, for second offense fine not to exceed five hundred dollars or imprisonment not to exceed thirty days or both fine and imprisonment.

The law seems to apply to public and private warehouses alike, although at the beginning of the report it is stated that the commission "has not attempted to cover the operation of private refrigeration plants maintained by meat packing establishments, stores or hotels and offers in the report no finding with respect to this class of warehouses" (p. 10).

It would seem obvious that any legislation would have to reach warehouses of the sort excepted in order adequately to safeguard the public interest.

WILLARD E. HOTCHKISS.



THE FINAL REPORT OF THE NATIONAL WATERWAYS COMMISSION. The National Waterways Commission, appointed in 1909 by President Taft, completed its work in March, last, with the publication of its *Final Report* (Sen. Doc. No. 469, 62 Cong., 2 Sess., pp. 579). A preliminary report was sent out in January, 1910, shortly after the return of the members of the commission from Europe; and twenty-two other documents have appeared in the meantime, relating to various aspects of the waterway problem, both at home and abroad. The documents relating to foreign waterways were in the main prepared by the various consulates of Europe by request of the commission. These reports, in conjunction with the three volumes issued in 1909-1910 by the Commissioner of Corporations, and the report of Mr. Roosevelt's Inland Waterways Commission in 1909, furnish a wealth of material relating to internal waterways. Of the 579 pages, 65 constitute the *Final Report* proper, while the remaining 514 are appendices. The following recommendations are made:

(1) That the federal government should undertake, in conjunction with local interests, the construction of a canal from Lake Erie to the Ohio River, near Pittsburg.

(2) That a survey be made of the proposed canal route from Lake Erie to Lake Michigan, by way of the Maumee River, or other suitable route.

(3) Further legislation for protecting waterways from railway competition, and for establishing more amicable relations between the two agencies of transportation.

(4) Legislation for the control of public terminals.

(5) Legislation for the development and control of water-power.

(6) An investigation of the possibilities of a system of reservoirs along the Allegheny, the Monongahela, and their tributaries, similar to that recommended by the Pittsburg Flood Commission; the investigation to be made by a joint board of engineers, drawn from the corps of engineers of the United States Army and from the Geological Survey.

It will be observed that the commission suggests little in the way of developing a comprehensive system of canals and inland waterways. No recommendations are made in regard to the Lakes-to-Gulf Waterway, and, with the exceptions noted above, none of the multitude of projects before the country are endorsed. Like the *Preliminary Report*, the conclusions are decidedly conservative, and can hardly be regarded as valuable ammunition for the ardent advocates of water

transportation. Only one project is endorsed, and but one other is deemed sufficiently feasible to warrant surveys.

Even as to the feasibility of the Lake Erie and Ohio River Canal, the commission is not overly sanguine. While the traffic in this region is enormous, the amount that could be expected to travel by canal is evidently a matter of some conjecture. In the opinion of the commission, the amount of coal which it is expected the proposed canal would carry, has been overestimated.

The coal deposits in the Monongahela basin near the river are becoming depleted, so that it will be more expensive in the future to bring to the river the coal which is to be shipped in barges. This would make it more economical, as well as convenient, to patronize a railroad whose tracks reach directly to the mines. Furthermore, some of the coal lands most favorably situated for the shipment of their output by water, are owned or controlled by persons or corporations affiliated with railroad interests. Some allowance ought also to be made in both the estimate of the iron ore and coal traffic of the canal for the reason that many of the large iron and steel industries using these raw materials are more or less affiliated with the railroad interests, which are the largest purchasers of their manufactured products (p. 11).

On the whole, however, it is believed that the canal would be of undoubted economic value. It is to be regretted that the commission did not make a more thorough investigation of this project. But three pages are devoted to it, and the statements made appear to be, for the most part, mere expressions of opinion. It is indeed difficult to avoid the conclusion that the commission deemed it advisable to favor some canal project, and chose this one as being certainly the least doubtful of any.

In discussing the project of a canal from Lake Erie to Lake Michigan, the commission decides that a 24-foot waterway would be impracticable because of the enormous cost of construction, the difficulty of securing an adequate water supply, and the inability of such a canal to compete with the open lake route for vessels of large capacity. The commission recommends, therefore, that a survey be made with a view to the construction of a barge canal, similar to the Erie barge canal, with which it would form part of a through water route from New York to Chicago. The commission purports to have made a careful study of the traffic possibilities of this route; but the results are decidedly inconclusive and unconvincing. It is observed that the railways of this region are now carrying an enormous tonnage, and that the canal might be expected to supplement them to a considerable

extent; but no statistics of the relative cost by rail and water are presented, and there is no evidence to show that the railroads are either overburdened or incapable of indefinite expansion. A belief is also expressed that some traffic might be diverted from the Great Lakes. Finally, the commission points out that the agricultural produce of this region would doubtless make extensive use of such a canal. This conclusion is surprising, in view of the fact that agricultural produce nowhere, not even in Germany, makes any considerable use of waterways; for the reason that agriculture is a decentralized industry, and the cost of collecting its produce and transshipping it to water routes is usually prohibitive. The commission evidently gave no thought whatever to the question of transshipment.

Again, in recommending legislation for the promotion of coöperation between waterways and railways, the commission does not raise the question of the cost of breaking bulk in transit. It is recognized that the waterways cannot hope to enjoy a large measure of success, without an extensive transshipping business with the railroads; but it is believed that such an exchange of commodities between railroads and waterways may be secured through the agency of the Interstate Commerce Commission. To this end it is recommended that the power of the Interstate Commerce Commission in regulating freight rates be extended to include all interstate waterways, whether independent, or railway owned, or controlled. It is interesting in this connection to call attention to the fact that France has never been able to develop a transshipping business, and that Germany has done so only by means of enormous subsidies. It is disappointing that the commission has not come to closer quarters with this fundamental aspect of the problem.

Some valuable information is contributed on the feasibility of reservoirs as a means of controlling floods. Appendices II, III, and IV contain the arguments of M. O. Leighton, Robert Follansbee, and W. H. Bixby, pro and con, upon this debatable question. These discussions, together with the debates which appeared in "The Engineering News," in 1908,<sup>1</sup> furnish a very complete analysis of the problem. The commission evidently believes there is some future for reservoirs, but urges very careful investigations of specific projects as a preliminary to possible expenditures in this direction.

The discussion of the influence of afforestation upon navigation and flood prevention is also very valuable. Appendix V, prepared by

<sup>1</sup> May 7, June 11, June 24, Oct. 8, Nov. 4.

Raphael Zon, Chief of Sylvics of the U. S. Forestry Service, is an excellent and comprehensive study of the entire problem, with extensive reference to foreign experience. This report covers 70 pages, and is followed by an exhaustive bibliography of 28 pages.

Appendix IX, prepared by E. O. Merchant, expert of the commission, is entitled *A Comparison of American and European Waterways*; and gives a brief and fairly satisfactory account of the history of water transportation in the principal countries during the past century. Especially to be commended is Mr. Merchant's emphasis on the importance of economic factors as affecting water transportation. Some of the conclusions reached may well be noted here. First, it is pointed out that to be successful a waterway must lie in the direction of a very large traffic movement. Second, a large traffic will arise only where there is an abundance of a very few bulky commodities, such as coal, ores, and building materials. Third, an extensive traffic by a waterway cannot be expected unless there are large industrial centres along its banks. "There is no instance of a waterway carrying a large traffic where such conditions do not exist" (p. 516). Mr. Merchant concludes that the fundamental reason for the small traffic on many of the rivers of the United States is their unfavorable location in relation to available traffic. In this appendix is presented an extensive comparison of rail and water rates in Europe and in the United States, tending to show that there is usually a decided advantage in shipping certain classes of commodities by water. This portion of the study, however, is likely to lead to erroneous conclusions. Mr. Merchant is presenting a comparison of *rates*, not a comparison of the *cost* of transportation by rail and by water. Unfortunately he does not warn the reader of this distinction, and accordingly the inference likely to be drawn by the casual reader is that water transportation is usually much cheaper than that by rail. That Mr. Merchant himself does not necessarily entertain this opinion appears in a later section devoted to the *Relative Cost of Transportation by Rail and Water*, in which attention is called to the fact that the rates compared do not usually include the same elements of cost in both cases. For instance, in the case of waterways they seldom include interest or profit on the capital invested in the highway itself, and often not even maintenance charges; whereas, in the case of railways, they almost invariably include all these items. "Any comparison between the cost of transportation by rail and by water will be of value only when the two rates include similar items of cost. Few

such comparisons have ever been made" (p. 574). Mr. Merchant thus recognizes the fundamental fallacy in the argument that water transportation costs only a fraction of that by rail. And it is regrettable that he did not devote more space to tables of comparative *cost*, and less to misleading tables of *rates*, admittedly based on totally dissimilar elements of cost. It can be shown that water transportation, at least canal transportation, is almost universally more costly than rail transportation, if all the items of cost are included in both cases.

On the whole, it may be said that the work of this commission has been distinctly above the ordinary. An enormous amount of material has been collected; and on some aspects of the problem considerable discrimination has been exercised in arriving at conclusions. The appendices are perhaps the most valuable part of the report, though the commission disclaims any responsibility for the conclusions presented therein. In the opinion of the writer the *Report of the National Waterways Commission* is decidedly superior to that of the British Royal Commission of 1906 on the same subject.

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The Bureau of Manufactures and the Bureau of Statistics, both of the Department of Commerce and Labor, have been consolidated into the Bureau of Foreign and Domestic Commerce, in accordance with the act of Congress approved on August 23, 1912. With the exception of collecting internal-commerce statistics, for which no appropriation was made, the work heretofore carried on by the two bureaus will be continued by the new bureau, which is in addition charged with the duty of making certain investigations of comparative costs of production of dutiable articles and related subjects heretofore entrusted to the Bureau of Labor. No appropriation, however, was made to enable the Bureau of Foreign and Domestic Commerce to carry on this new work. Aside from the administrative branches, the organization of the new bureau consists of three divisions: (1) Statistics, (2) Consular Reports, and (3) Foreign Tariffs. The chief of the new bureau is Mr. A. H. Baldwin, formerly head of the Bureau of Manufactures, and the first assistant is Mr. O. P. Austin, formerly head of the Bureau of Statistics.

In the interest of promoting trade, the Department of Commerce and Labor has recently made an investigation of the activities of boards of trade and chambers of commerce in some 70 American cities. The

results are now published as "Special Agents Series," No. 60, *Commercial Organizations*, by E. A. Brand (Washington, 1912, pp. 48). The material is arranged topically under the headings: Development of Foreign Trade; Encouragement of Wholesale Trade; Promotion of Retail Trade; Transportation; Industrial Expansion; Industrial Expositions; Conventions; Civic Improvements; Membership; Publicity.

The first five sections of a report being prepared by Professor Emory R. Johnson on *Panama Canal Traffic and Tolls* has been published as a Senate document (Sen. Doc. No. 575, 62 Cong., 2 Sess., 1912, pp. 95, maps). The titles of the specific chapters are: Distances via Panama, Canal and Alternative Routes, Tonnage of the Vessels Employed in the Commerce that Might Have Advantageously Used the Panama Canal in 1909-1910, Growth of Available Canal Traffic 1899-1911, Relation of Tolls to the Volume of Traffic through the Canal; Tolls the Traffic will Bear, and Coaling Facilities and Coal Costs via the Panama Canal and Alternative Routes. There has also been published by the Isthmian Canal Commission a further study by Professor Johnson on *The Relation of the Panama Canal to Traffic and Rates of American Railroads* (pp. 42).

Mr. Royal T. McKenna has prepared for the United States Department of Agriculture a statistical compilation entitled *Annual and Average Production of and International Trade in Important Agricultural Products by Countries* (Washington, Circular 31, July 29, 1912, pp. 30). The percentage which each country contributes to the world production and similar figures for exports and imports are given. It furnishes a most useful survey of the part which the United States plays in world commerce.

The Department of Agriculture has issued Circulars 32, 33, and 35, dealing respectively with *Cotton Crop of the United States, 1790-1911*; *Tobacco Crop of the United States, 1612-1911*; and *Hop Crop of the United States, 1790-1911*, all compiled under the direction of Mr. George K. Holmes (August 15, 1912, pp. 9, 12, 8). Brief bibliographical notes are given designating sources of information.

The extraordinary growth of the commerce of the United States is described by Hon. O. P. Austin in an address *Progress of American Commerce and Industries, 1870 to 1912*, recently delivered before the American Association for the Advancement of Science, printed in the *Congressional Record*, July 17, 1912, and issued as a reprint (pp. 16).

That the Bureau of Corporations is not engaged wholly in the investigation of corporations is seen in the report on *Cotton Tare* (Washington, September 8, 1912, pp. 53). This deals more particularly with the operation of contracts of foreign cotton exchanges, in response to complaints that cotton growers were subject to serious injury because of excessive deductions for bagging and ties made in European markets. The report contains an abundant amount of technical data in regard to a subject on which there has hitherto been little available information.

*English Methods of Dyeing, Finishing, and Marketing Cotton Goods*, Bulletin No. 56 in the "Special Agents Series" of the Department of Commerce and Labor (Washington, 1912, pp. 35), contains a few references to combines in the textile trade, and the economies which have been thereby effected.

Interesting evidence of the effect of American methods upon the manufacture of shoes in European countries is found in the reports of the Bureau of Manufactures of the Department of Commerce and Labor. Three bulletins have now been issued dealing with the shoe and leather trade in the United States, Germany, France, and Switzerland.

The hearings before the House Committee on Agriculture on *Cotton and Grain Option Bills*, held in March and April, 1912, have been printed in a separate document (Washington, pp. 322).

From the *Twenty-fifth Annual Report on the Statistics of Manufactures for 1910*, for Massachusetts, it appears that while the very small establishments constitute 23.6 per cent of the total number in that state, their product amounts to only one half of one per cent. Wages are classified for certain industries on the percentage group principle (p. xxii).

The Bureau of Immigration and Naturalization of the Department of Commerce and Labor has issued a series of pamphlets on *Agricultural Opportunities*, which will be of service in choice of state for settlement (Washington, 1912, Nos. 1-7).

Bulletin 47, *Notes on Mineral Waste*, by Charles L. Parsons, published by the Bureau of Mines (Washington, 1912, pp. 44), contains precise data of service to students of economic resources. "During the past year in producing 500,000,000 tons of coal we wasted or left under ground, in such condition that it probably will not be recovered in the future, 25,000,000 tons of coal."

The subject of waste is also treated in a pamphlet, issued by the Department of Agriculture, entitled *The Reduction of Waste in Marketing*, by Frank Andrews (Washington, pp. 165-176). Reference is made to waste due to slowness of delivery and the glutting of markets.

The "Bulletin of the Indiana State Library" for September, 1912, contains bibliographical material, entitled *A Guide to the Study of Conservation* (Indianapolis, pp. 12). This includes a list of organizations devoted to the work of conservation.

Among recent public documents relating to Canada are to be noted: *The Canada Year Book, 1911. Second Series* (Ottawa, Census and Statistics Office, 1912, pp. xli, 454) containing census figures for 1911; *Canada. Her Natural Resources, Navigation, Principal Steamer Lines and Transcontinental Railways*, published by the Twelfth Congress of the Permanent International Association of Navigation Congresses (Ottawa, Department of Marine and Fisheries, 1912, pp. 287, illus.); *Commission of Conservation, Canada. Third Annual Report* (Ottawa, 1912, pp. 154); *Annual Report on the Mineral Production of Canada, 1910* (Ottawa, Department of Mines, 1912, pp. 328); *Water Power of Canada*, by George G. Denis and Arthur V. White, published by the Commission of Conservation of Canada (Ottawa, 1911, pp. 397).

### Corporations

Supplementary to the *Hearings* before the House Committee on Patents (AMERICAN ECONOMIC REVIEW, vol. II, p. 723) is the Oldfield report on *Revision of Patent Laws* (H. Rep. No. 1161, 62 Cong., 2 Sess., August 8, 1912, pp. 29) containing a draft of a proposed bill. It is recommended that a patent be limited to 19 years from date of filing application in order to check procrastination and shorten the duration of the monopoly. The bill also aims to prevent the "shelving" of competitive patents, and forbids the use of a patent to restrain unreasonably or to monopolize any part of interstate or foreign commerce, "except in such articles as and to the extent that they embody the invention or discovery so patented." Unreasonable restraint is defined as an attempt to restrict the price at which the article may be resold, or to restrict the purchaser from dealing in other articles. Representative Oldfield will be pleased to distribute this report and to receive comments.

The *Hearings* before the Senate Committee on Interstate Commerce, authorized under Senate Resolution 98, on changes in laws regulating



corporations engaged in interstate commerce, have now been issued in three volumes (Washington, 1912, pp. 2799; see AMERICAN ECONOMIC REVIEW, vol. II, p. 424).

The Department on Regulation of Utilities, of the National Civic Federation, of which Professor John H. Gray is director, has published a preliminary pamphlet on *Organization of Railroad and Public Utility Commissions* (1 Madison Ave., New York, 1912, pp. 46). This is one of 15 parts of a compilation and analysis of public utility regulation laws of the United States to be printed, and comprises a compilation of the names of commissions, showing their number, manner of selection, terms of office, salaries, qualifications for membership, provision of funds, and duties of officers.

The Railroad Commission of California has issued *Regulations Prescribing the Form and Governing the Construction and the Filing of Freight and Express Tariffs and Classifications and Passenger Fare Schedules*, adopted June 24, 1912 (San Francisco, pp. 126).

In a recent order and conference ruling, July 8, 1912, the Board of Public Utility Commissioners of New Jersey lays down the general principles under which it will approve the issue of securities (Trenton, pp. 13).

From the Department of Justice has been received the brief and argument on behalf of the United States in the Intermountain Rate cases, before the Supreme Court of the United States in the October term, 1911 (pp. 84).

Special phases of the rate problem are treated at length in the briefs submitted before the Interstate Commerce Commission on *Export and Import Port Differentials*. Among those received are two prepared by James M. Swift, Attorney General of Massachusetts, and Charles S. Hamlin, of Boston.

The Public Service Commission for the First District, New York, has published a pamphlet on *Dual System of Rapid Transit for New York City* (New York, September, 1912, pp. 54) in which an account is given of the recent proposals and settlement of conflicting plans.

The Harbor and Subway Commission and Subcommittee of the Council Committee on Local Transportation, of Chicago, have recently submitted a *Joint Report on a Comprehensive System of Passenger Subways for the City of Chicago* in which the methods of financing such a system are discussed.

The Bureau of Railway News and Statistics (1409 Railway Exchange Building, Chicago) has published, under date of September, 1912, a leaflet entitled *New Zealand Railways not Comparable to American*, by Mr. Slason Thompson, a reply to an article by Mr. Charles Edward Russell in "Pearson's Magazine," for September, 1912. It is claimed that New Zealand railways carry a greater capitalization per mile of track and have a less efficiency according to mileage.

#### Labor

The *Bulletin of the Industrial Commission of Wisconsin*, Vol. I, No. 3 (pp. 67-136) under date of July 20, 1912, contains the first annual report of the Administration of the Workmen's Compensation Act, which went into operation May 3, 1911. It is noted that up to June 30, 1912, 435 employers, with 63,728 employees, had accepted the provisions of the act. The per cent of accidents under compensation to the total number (not including railroad accidents) was 25.4. The old line insurance companies have agreed upon rates for compensation which are about double those charged for common law liability, and, on account of this discrimination, it is believed that the subject of liability insurance should next receive legislative attention. As yet only two mutual insurance companies have been organized. Although the rate of compensation authorized by the Wisconsin law is high, the commission believes that there is no evidence of malingering. It is suggested that the New Jersey plan of compensation according to certain definable injuries has some advantage of administration over the Wisconsin principle of compensation according to wage. Approval is also given to the provisions of the California act whereby future, as well as current, wages are taken into account in determining the compensation. Of technical interest in this bulletin are the pages devoted to the rules and interpretations of the Industrial Commission. No. 3A (pp. 137-145) discusses the nature and causes of accidents reported to the commission.

*Bulletin of the Industrial Commission of Wisconsin*, Vol. I, No. 4 (Madison, August 20, 1912, pp. 149-229) contains an account of the various activities of the commission. Of special interest is the reference to the workings of the new apprenticeship law enacted in 1911 (p. 202). An historical summary of child labor legislation in Wisconsin is given (pp. 183-188).

Part I of the *Report of the West Virginia Employers' Liability and Laborers' Compensation Commission* (Professor P. B. Reynolds, sec-

retary, Morgantown, 1911, pp. 274) contains a digest of the liability and compensation laws of the several states, and copies of the most important bills which have been drafted and recommended by commissions. A supplementary report of recommendations is to be made.

The Legislative Reference Bureau of the Rhode Island State Library has published a bulletin on *Employer's Liability and Workman's Compensation* (Providence, January, 1912, pp. 69) in which there is a digest of laws, a proposed bill and arguments, and a brief bibliography.

In connection with the discussion of hours of labor in the steel industry, referred to in the REVIEW, June, 1912, p. 445, reference should be made to a recent *Report of Committee of Stockholders of the United States Steel Corporation* (April 15, 1912, pp. 17) in which the work of the Steel Corporation in ameliorating labor conditions is described and endorsed.

In addition to the usual statistical tables, the *Twenty-ninth Annual Report of the Department of Labor of Michigan* for 1911 (Lansing, 1912, pp. 495) summarizes the progress which has been made in that state in the limitation of hours of labor of women and children. The free employment agencies are believed to be undertaking a successful and useful work.

The growing interest in health conditions of workmen is evidenced in a recent report of the State Board of Health of Massachusetts on *Hygiene of the Boot and Shoe Industry of Massachusetts*, by William C. Hanson and William A. Walcott, officers of the State Board (Boston, 1912, pp. 13). The pamphlet is generously illustrated.

"Accident Bulletin," No. 5, of the Bureau of Labor, Industries and Commerce of Minnesota contains the *Proceedings of the Minnesota Industrial Safety Conference*, held in December, 1911 (pp. 61).

"Labor Bulletin," No. 93 of the Massachusetts Bureau of Statistics, contains a *Directory of Labor Organizations in Massachusetts, 1912* (August, 1912, pp. 39).

The Bureau of Statistics of Massachusetts has published the *Twelfth Annual Report on Strikes and Lockouts*, for 1912 (Boston, 1912, pp. 62).

Additional *Hearings* on the Erdman act (see REVIEW, September, 1912, p. 725) have been published for April 15, 1912 (pp. 51). This includes the testimony of Judge Knapp and Commissioner Neill.

The *Proceedings of the Twenty-fifth Annual Convention of the International Association of Factory Inspectors*, held in 1911, may be obtained from its secretary, W. W. Williams, St. Louis, Mo. (pp. 141).

The Department of Labour of Canada has issued a special *Report on Labour Organization in Canada, 1911* (Ottawa, 1912, pp. 124) containing a brief account of international unions. In proportion to population, the number of members in trade-unions in Canada is not quite so large as in the United States.

Students interested in coöperation may obtain the *Twenty-sixth Report of the Labour Copartnership Association of England upon application* (6 Bloomsbury Sq., London, W. C., pp. 35, 2d.).

The Industrial Accidents Commission of Pennsylvania, appointed in February, 1912, has been engaged in making an investigation, and has drawn up a tentative act providing for employers' liability and workmen's compensation. The commission expects to submit its report within a short time. It is understood that a workmen's compensation law is to be recommended which will be elective in character, as a compulsory act would be unconstitutional. The customary defenses are removed to induce employers to adopt the principle. The scale of compensation to be proposed is quite similar to that in a majority of the acts already in preparation in the United States. One novel feature, however, is that in case of complete and permanent disability, compensation is to be continued after the customary 300 weeks at a low rate through the remainder of life. The secretary of the commission is Mr. Francis H. Bohlen, 34th and Chestnut Streets, Philadelphia.

### Money, Prices, Credit, and Banking

**RURAL CREDIT.** The platforms of the three leading political parties contain sections pledging the respective parties to the improvement of rural credit conditions if placed in power. The Republican administration, through the State Department, is at the present time collecting all possible information on rural credit activities in European countries and publishing reports as rapidly as data are made available. President Taft has notified the governors of the respective states of the desirability of improving rural credit and has indicated that a special conference of governors would not be out of place. He has also urged state legislation along this line. The Southern Commercial Congress is in charge of a movement to assemble a commission of one hundred members, to be made up of two members from each state, to tour

Europe during the early summer months of 1913 investigating rural credit systems and other problems of coöperation. Practically every program appearing in connection with farmers' institutes, national farmers' congresses, and agricultural workers carries one or more titles on rural coöperative subjects with rural credit holding first place.

J. L. C.

At the Fifth International Congress of Chambers of Commerce, Boston, Professor Irving Fisher of Yale University presented the official report on the topic for one of the sessions, "An International Conference on the Cost of Living." Professor Fisher sketched the history of the movement for an international conference, showing that the proposal arose from the persistent rise in prices since 1896, following a persistent fall for a quarter of a century. He spoke of the almost universal endorsement the plan had received both in this country and abroad, of the fact that President Taft in a special message recommended a conference, and that the Crawford-Sulzer bill, calling for such a conference, had passed the Senate and is now awaiting action by the House. At the close of Professor Fisher's address a resolution was unanimously passed endorsing the plan for such a conference, also recommending that when called, there should be laid before it the suggestion of the National Hungarian Commercial Association, recommending an investigation to secure a uniform system for constructing index numbers of prices. In order to illustrate the important subjects which might profitably be considered by such an international conference, Professor Fisher explained briefly a suggestion of his own for making the purchasing power of the dollar more stable by virtually increasing the weight of the dollar in proportion to each successive rise in the index number of prices; and for a fuller statement he referred his hearers to the last chapter of his book on *The Purchasing Power of Money*, and a mimeographed memorandum which he distributed at the Congress.

A commission has recently been appointed by the government of New Zealand to make a thorough inquiry into the subject of the rising cost of living in that country. It will have sittings at Dunedin, Christchurch, Wellington, and Auckland to examine witnesses and to call "for and examine all such books and records as are deemed likely to afford the fullest information on the subject matter of the inquiry."

Under date of March 13, 1912, President Taft transmitted a message on *Coöperation and Cost of Living in Certain Foreign Countries*

(H. Doc. 617, 62 Cong., 2 Sess., pp. 248). The bulk of the volume is made up of consular reports with an analysis by the Bureau of Trade Relations, Department of State.

The Bureau of Labor has issued two bulletins, *Retail Prices, 1890 to 1911* (Washington, No. 105, Part I, pp. 48) and *Retail Prices, 1890 to June, 1912* (No. 106, Part I, pp. 31). It is announced that the Bureau plans to publish a current price report every two months.

*The Congressional Record* for August 14, 1912 contains the speech of Senator Fletcher in regard to agricultural credit. In this speech is incorporated the complete proceedings of the fourth annual convention of the Southern Commercial Congress, held in Nashville, Tenn., April 1-10, regarding the plan of an investigation in Europe of rural finance.

Further issues on the *Money Trust Investigation* have appeared. Part 3 (pp. 171-267) contains the testimony of Mr. Sherer, manager of the New York Clearing House Association; Part 4 (pp. 269-342), the testimony of Messrs. Vanderlip, Hepburn, Ely, secretary of the New York Stock Exchange; Part 5 (pp. 343-411), Mr. Cannon, Mr. Mabon, president of the New York Stock Exchange; and Part 6 (pp. 414-504), Mr. Cortelyou in regard to the relief of the money market in 1907.

### Public Finance

#### *Editor of The American Economic Review:*

In an article on the "Report of the Tariff Board on Wool and Woolens," published in the issue of this REVIEW for June, 1912, I referred at page 257 to some statistics on the efficiency of American weavers as being "nothing more than the raw material on which a report might be based." Mr. F. J. Sheridan, who had a large part in gathering and arranging this material for the Tariff Board, calls my attention to the fact that, preceding the hundred pages on which the figures are given in detail, are summarized statements of the results (at pp. 1045 seq. of the *Report*). It cannot be fairly said, in view of these valuable summaries, that only the raw material for a report was given, and I am glad to call attention to the need of correction in my statement. Whether it still remains true that the plan of the report on woolens could have been improved, and whether it contains such comparisons between foreign and domestic costs as were expected from the Board, I leave to the judgment of the conversant reader.

F. W. TAUSIG.

PROPOSAL FOR A NATIONAL BUDGET. On June 27, President Taft transmitted to Congress, with a special message, a report by the Commission on Economy and Efficiency dealing with *The Need for a National Budget* (H. Doc. 854, 62 Cong., 2 Sess., 1912, pp. vii, 568). The report is divided into three parts, to which are added a number of appendices.

Part I describes in detail the present practice in regard to the compilation and submission of estimates to Congress by the Secretary of the Treasury, the consideration of estimates and enactment of appropriation bills by Congress, and the policy of Congress with respect to the control of expenditures by administrative officers.

Part II embodies the recommendations of the commission with a full explanation of their purpose, and a discussion of the considerations on which they are based. These recommendations are summarized as follows:

1. That the President, as the constitutional head of the executive branch of the government, shall each year submit to Congress a budget.
2. That the budget so submitted shall contain:
  - (a) *A budgetary message.*
  - (b) *A summary financial statement* setting forth:
    - (1) The financial condition;
    - (2) A statement of the condition of appropriations and other data pertaining to the funds of the government;
    - (3) An account of revenues and expenditures for the last completed fiscal year; and
    - (4) A statement showing the effect of past financial policy as well as of budget proposals on the general-fund surplus.
  - (c) *A summary of expenditures*, classified by objects, setting forth the contracting and purchasing relations of the government.
  - (d) *Summaries of estimates*, setting forth:
    - (1) The estimated revenues; and
    - (2) Estimated expenditures.
  - (e) *A summary of changes in law*, setting forth what legislation it is thought should be enacted in order to enable the administration to transact public business with greater economy and efficiency.
3. That the Secretary of the Treasury be required to submit to Congress the following detailed reports:
  - (a) *A book of estimates*, containing the supporting details to the summaries of estimates of expenditure contained in the budget.
  - (b) *A consolidated financial report*, containing a detailed statement of revenues and a consolidated statement of expenditures by departments and establishments for the last five fiscal years, with explanatory matter.

To provide for the carrying out of the above proposal it is recommended that the necessary changes in the accounting systems of the

departments be made, and it is also suggested that "the President recommend for the consideration of the Congress such changes in the form of the appropriation bills as will enable the government to avail itself of the benefits of the exercise of discretion on the part of the executive in the transaction of current business in order that the government may do work and accomplish results with economy and efficiency as well as definitely fix responsibility for failure so to exercise such discretion."

It should be noted that the commission being appointed by, and reporting to, the President, confines its recommendations, with the exception just noted, to the preparation and presentation of the budget by the executive and does not attempt to deal with the organization and practice of Congress for the purpose of considering the budget and enacting it into law.

Part III contains the tabular forms for the proposed budget statements and supporting documents, filled out, so far as possible, with figures taken from current reports and estimates, while the appendices furnish digests of the laws governing the preparation and submission of estimates, appropriations and allotments; a description of the reports submitted to Congress by the departments; a bibliography of congressional inquiries into methods of conducting business by the executive departments; and the answers to a questionnaire on budget practices submitted to a long list of foreign governments.

Taken as a whole the report furnishes a vast amount of information in regard to budgetary practices in this and other countries and represents the first attempt to work out in detail a real budget statement for the United States.

On July 10 the President issued an order to the heads of departments directing them to prepare two sets of estimates, one in accordance with existing legislative requirements and practice, the other in accordance with the forms suggested by the commission, and announced his intention of sending to Congress a budget statement. With a view to preventing the carrying out of this intention, Congress incorporated in the legislative, executive, and judicial appropriation act a provision "that until otherwise provided by law, the regular annual estimates of appropriations for expenses of the government of the United States shall be prepared and submitted to Congress by those charged with the duty of such preparation and submission, only in the form and at the time now required by law, and in no other form and at no other time."

In a letter dated September 19 and addressed to the Secretary of



the Treasury, the President maintains that in so doing Congress has exceeded its authority, and directs the Secretary of the Treasury and the heads of departments to proceed with the preparation of statements in accordance with his order of July 10.

It is to be hoped that the President will carry out his intention.

H. B. G.

**THE FEDERAL CORPORATION TAX ON LIFE INSURANCE.** The federal corporation tax law of 1909 provided that every insurance company should pay a special excise tax equivalent to one per cent upon the net income received by it annually from all sources, exclusive of amounts received as dividends from the stock of other corporations. The method of determining the net income was provided for in the law, specifying that the gross income must be stated and that the expenses of the business, losses and depreciation, interest, taxes, and dividends from other companies might be deducted from the gross income to find the net income taxable by law. The Commissioner of Internal Revenue prepared the proper blanks for assessing the various life insurance companies, and collected the same for the years 1909 and 1910.

The Mutual Life Insurance Company of New Jersey brought suit early in 1912 against the United States collector in the district court for the district of New Jersey, claiming that the tax was paid under duress, and that the corporation act had been wrongly interpreted in holding that the dividends paid by the company to its policy holders had been included within the net income taxable by law. Counsel for the company and for the United States agreed upon the essential facts upon which a judgment should be rendered.

The court in the discussion of the case summarized the points at issue as follows: "First, whether certain so-called dividends are or are not 'income received' within the meaning of the statute; second, whether certain so-called 'supplementary policy contracts' should be represented in the reserve funds; third, whether for the purpose of taxation the corporation's statement should be made on a 'cash' or on a 'revenue' basis; and lastly, whether expenditures for replacing furniture, etc., should be considered as an investment or an expense."

After a discussion of the law, and a somewhat more extended inquiry into the nature of life insurance dividends, the court decided in favor of the company on all the points at issue.

It is interesting to note that while the law is particularly explicit in requiring that all accounts should be upon the basis of items actually paid or received during the year, the Commissioner of Internal Revenue

has uniformly held in his administrative rulings that the reports of all corporations must be made upon the accounting principle of charging upon the books the transactions occurring during each year whether paid for or not. In the decision of the court, the principles of accounting upon which the act was based by Congress were strictly adhered to. The court italicizes in several cases the words "actually paid" and states that since only such deductions from gross income as are actually paid during the year are to be included in the accounts, it would be unfair if the company were charged with what it had not received during the year. In confirmation of this point the court states, "Money earned as interest, however well secured or certain to be eventually paid, cannot, in fact, be distributed as dividends to stockholders, and does not constitute surplus profits within the meaning of the statute."

While the Commissioner of Internal Revenue was undoubtedly correct in his ruling when the question is considered from the economic and accounting point of view, it is also equally true that the court has interpreted the law in accordance with the intentions of the legislators and according to the ordinary meaning of the language used in the act.

By adhering to a strict interpretation of the language of the statute, the court has exempted the insurance companies from a burden which the United States Congress presumably desired to place upon them, but from which, under the general theory of the corporation tax, they should be exempt.

MAURICE H. ROBINSON.

*University of Illinois.*

*Hearings* before the Subcommittee of the House Committee on Appropriations in charge of the Sundry Civil Appropriation bill for 1918, relating to the President's Commission on Economy and Efficiency (Washington, 1912, pp. 175), contains the testimony by Mr. F. A. Cleveland, chairman of the commission, in which there is much useful information in regard to accounting and methods of preparing the federal budgets.

In continuation of the record of tariff documents is to be noted the *Veto Message Relating to Wool Bill*, published as House Document, No. 903, 62 Cong., 2 Sess. (August 9, 1912, pp. 4.)

On May 31, 1911, a law was passed in Ohio limiting the tax rate. For 1912 it could not exceed the rate for 1911 plus six per cent, and in general was not to exceed one mill on the dollar. The author of an instructive article in "Collier's Weekly" (*A Premium on Lying*, by A. J. Nock, June 15, 1912) points out that the rapidly growing cities of

the state have been sadly crippled in their school work by this limitation upon their revenues. A few cities have managed to meet the growing demands upon them by the use of accumulated surpluses, but after this year that resource will be exhausted. Other municipal functions are or soon will be similarly hampered. The original passage of the law is attributed to the influence of the tax commission, which believes strongly in the enforcement of the general property tax, and hopes by this measure to make it popular. It may be noted in passing that the failure of the recent constitutional convention in Ohio to provide for adequate revision of the taxation sections of the old constitution was due to the same influence. Ohio has not merely taken a step backward in matters relating to taxation, but has failed to avail herself of the best opportunity to advance that has been presented in sixty years.

E. L. BOGART.

The State Tax Commission of Wisconsin has issued a new compilation of the laws of the state relating to *Assessment and Collection of Taxes*, including explanatory notes and decisions (Madison, 1912, pp. 198). The last previous edition was published in 1906.

The Minnesota Tax Commission has issued a reprint of the recent law enacted in 1911 relating to the *Assessment and Taxation of Money and Credits with the Text of the Decision of the Supreme Court Sustaining the Constitutionality of the Law and Denying the Right to Deduct Debts from Credits* (St. Paul, 1912, pp. 12).

A second edition of the *First Annual Report of the New Hampshire State Tax Commission* has been published (Concord, March, 1912, pp. 104, 69).

The Municipal Finance and Taxation Committee of the Civic League of St. Louis, has issued a leaflet on *The Taxation Amendments to the State Constitution* (St. Louis, Henry B. Wallace, chairman).

The Bureau of Municipal Research of New York has compiled its activities in a pamphlet *Six Years of Municipal Research for New York City, Record for 1906-1911* (261 Broadway, 1912, pp. 80).

The Department of Taxes and Assessment of the City of New York has published, for use by its deputy tax commissioners, a pamphlet in regard to *Factors of Value of New Buildings and Explanation of Land Value Maps* (1912, pp. 22).

Students interested in the development of the agitation for the taxation of land values in Great Britain will find useful data in the *Fifth*

*Annual Report of the United Committee for the Taxation of Land Values, 1911- 1912* (11 Tothill St., Westminster, London, W. C.).

The British Departmental Committee on Local Taxation has published with its first report two appendices containing *Minutes of Evidence* (Cd. 6303 I, 4s.) and *Memoranda* (Cd. 6303 II, 1s. 4d.).

In Vol. XVIII, No. 1, of *Mitteilugenden des k.k. Finanzministeriums* of Austria (Vienna, 1912, pp. 665) may be found the bibliography of Austrian financial literature for 1911, covering 37 pages.

"Tariff Series," No. 28, of the Department of Commerce and Labor, is entitled *Customs Tariff of Japan*, in which there is a brief tariff history, prepared by Frank R. Rutter (Washington, 1912, pp. 88).

Recent pamphlets published by the World Peace Foundation (29A Beacon St., Boston) having some financial interest are *The Drain of Armaments*, which contains statistics showing the cost and relation to national indebtedness of military and naval establishments; and *Syndicates for War*, formerly published as London correspondence of the "New York Evening Post," in which the influence of the manufacturers of war material upon military and naval estimates is discussed.

At the annual conference of the National Tax Association, held in Des Moines, September 3-5, the chief topics of discussion were: separation of state and local revenue in California; taxation of public service corporations in Minnesota; experience with 3-mill tax on moneys and credits; first year of state income tax in Wisconsin; first year of "model inheritance tax law" in New York; suggestions for a practical plan of forest taxation; proposed improvements in Iowa tax laws; special tax commissions and the problems they are studying; tax reform in Louisiana; state conferences and associations.

### Insurance

William T. Emmet, superintendent of insurance of New York, at the National Convention of Insurance Commissioners, held in July, 1912, gave an address on *Adequate Reserves against Employers' Liability and Workmen's Compensation Risks* which has been reprinted as a pamphlet (pp. 11). Legislatures have only recently begun to fix the reserves of liability companies and in view of the rapid enactment of workmen's compensation laws, the need of adequate reserves will assume new importance.

*The Report of the Special Fire Insurance Committee of the Louis-*

*ville Board of Trade* (March 26, 1912, pp. 53) contains the text of the act creating a state insurance board, March, 1912, and excerpts of the publications which have been issued by the committee since its organization.

The argument of Mr. George H. Holt, presented to the Illinois Insurance Legislative Committee of Chicago, January, 1912, on *State Control of Fire Insurance*, has been printed as a pamphlet. The author pleads for the creation of a separate board, as has been recently enacted in Kentucky (Chicago, Policy Holders' Union, pp. 30).

### Demography

The *Special Report on Immigration* into Canada, by Arthur Hawkes, Commissioner (Ottawa, Department of the Interior, 1912, pp. 93) is written with a freshness both of views and of style not common in government bluebooks. The author is an English journalist who has made his home in Canada for some years, and was prominent in the campaign against reciprocity a year ago. Attention is concentrated on the needs of the eastern provinces for closer settlement and more intensive agriculture; as the experienced and adaptable American settler goes mainly to the prairie west, reliance must be placed, according to the commissioner, on the British Isles. So far as existing conditions are concerned, United States readers will find of most interest the references to the remarkable advertising campaign carried on by the Dominion, Australia's recent and lavish bid for immigrants to meet the yellow peril, the change in rural conditions in the United Kingdom, and the prejudice against Englishmen in Canada. One remarkable fact noted is that whereas as late as 1900 only one of every three emigrants from the United Kingdom went to other sections of the British Empire, now four of every five remain under the flag. The improvements suggested include more systematic coöperation between provincial and federal authorities, a more personal campaign, a more friendly attitude toward local and charitable authorities in Britain, and utilization of national credit to further settlement, not as in the past, by subsidizing railways, but by preparing ready-made farms for settlers—an expedient which the provinces of Nova Scotia and New Brunswick and the Canadian Pacific Railway have already begun.

O. D. S.

## PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

### Theory

(Abstracts by W. M. Adriance)

AFTALION, A. *Les trois notions de la productivité*. Rev. d'Econ. Polit., Mar.-Apr., May-June, 1911. Pp. 65.

Holds that total productivity, specific productivity in goods, and specific productivity in value should be carefully distinguished. But perhaps the main interest of the study attaches to the author's consideration of the proposition that the marginal productivity of an agent and its remuneration vary together. The meaning of the word "productivity" is not clear. The suspicion arises that it means nothing more nor less than "desiredness," in which case the proposition reduces to the truism that an agent is remunerated in proportion to the degree of desire for it.

BICKERDIKE, C. F. *The principle of land value taxation*. Econ. Journ., Mar., 1912. Pp. 15.

The valid principle which underlies and justifies land value taxation is not the redistribution of wealth, but the maximizing of efficiency in production. Land values should be taxed for local rather than for national purposes, as the land value is created by the aggregation of people in the locality, and efficiency is promoted when the creators of value profit by it.

BRISMAN, S. *Kapitalet och kapitalrantan*. Ek. Tids., No. 3, 1912. Pp. 32.

The author finds indefinite terminology the great source of difficulties in the study of capital and points out different ways in which the word is used. He discards the productivity theory of interest and likewise that of Böhm-Bawerk, agreeing with Cassel that the interest rate can only be understood in the light of supply and demand capital.

BRISMAN, S. *Prof. Wicksells framställning af kapitalet och kapitalrantan*. Ek. Tids., No. 4, 1912. Pp. 13.

A criticism of Prof. Wicksell's presentation of capital and interest in his recently published "Lectures in Political Economy"—on the whole, unfavorable.

EHRENBERG, R. *Zur gegenwärtigen Krisis in der deutschen Wirtschaftswissenschaft. Privatwirtschaftliche Untersuchungen*. Archiv f. exakte Wirtschaftsforschung, IV, 1912. Pp. 23; 40.

These articles give some clue to the present status of economics in Germany, as to method and point of view. The author outlines his own views and those of Pohle, Sombart, and Schmoller, noting the particulars in which his own system is out of the ordinary.

EDGEWORTH, F. Y. and MOORE, H. L. *Professor Moore's "Laws of Wages."* Econ. Journ., June, 1912.

In a review in the March number of the Journal, Professor Edgeworth takes issue with Professor Moore at certain points. In the June number both men continue the discussion. The argument is largely mathematical in character.

GIDE, C. *Le matérialisme et l'économie politique.* Rev. d'Econ. Polit., Mar.-Apr., 1912. Pp. 11.

Read at a meeting for the discussion of present day materialism—a meeting at which Bergson, Henri Poincaré and others were present. At first glance the science would seem ultra materialistic. But the idea of wealth has undergone an upward evolution. It has been conceived successively as the “product of the *earth*, the product of *labor*, the product of *desire*. And the desire for wealth tends to be successively a desire for *gratification*, a desire for *power*, and a desire to render *service*.” The article gives a broadly optimistic and non-materialistic interpretation of present day economic forces.

I. F. *Industristatistikens “produktionsvärde.”* Ek. Tids., No. 4, 1912. Pp. 7.

An unfavorable criticism of that part of the 1910 Statistical Report (Swedish) which deals with the “value of production.”

JANNACCONE, P. *Il “Parettaio.”* Rif. Soc., May, 1912. Pp. 32.

Pareto has had the misfortune of achieving a vogue; his writings have been freely cribbed by newer economists. The author's thesis is substantiated by many citations.

LEHNFELDT, R. A. *Public loans and the modern theory of interest.* Econ. Journ., Mar., 1912. Pp. 18.

An interesting attempt to formulate practical rules for the issuing, repaying, and refunding of government loans in accordance with the modern theory of interest as worked out by Irving Fisher and others.

LORIA, A. *Pro doctrina mea.* Rif. Soc., Apr., 1912. Pp. 25.

A refutation of charges that have been directed by various critics during late years against certain of the author's leading theories, particularly as regards income.

MACDONALD, R. A. *Ricardo's criticisms of Adam Smith.* Quart. Journ. Econ., Aug., 1912. Pp. 44.

An attempt is made to account for the conflict of opinion.

MUTSCHLER. *L'organisation des consommateurs et la théorie marxiste.* Rev. Soc., Feb., 1912.

O'FARRELL, H. H. *The possibility of certain gains from protection duties.* Quart. Journ. Econ., Aug., 1912. Pp. 6.

Combats Professor Taussig's proposition (*Principles of Economics*, bk. IV, ch. 37, sec. 1.) that in certain hypothetical cases the disadvantages of protection may, to some extent, be offset by an increased purchasing power over foreign, as distinguished from domestic, commodities.

PATTEN, S. M. *The revival of economic orthodoxy*. Pop. Sci. Mo., Sept., 1912. Pp. 4.

An attack directed against Professor Carver's article in the May number of the "Popular Science Monthly." The subject of dispute is the law of diminishing returns. (Cf. article by J. R. Turner, noted below.)

POHLE, L. *Das schwabesche Gesetz über das Verhältnis von Einkommen und Miete*. Zeitschr. f. Socialwis. III, 2, 1912. Pp. 4.

An interpretation of certain statistics bearing on the relation between income and rent in a number of German cities.

POTRON, M. *Possibilité et détermination du juste salaire et du juste prix*. Mouv. Soc., Apr. 15, 1912.

SPANN, O. *Neuere sozialphilosophische literatur*. Zeitschr. f. Socialwis., July, 1912. Pp. 10.

Comments on a group of books in the socio-philosophical field; among them Vorländer's *Kant und Marx*, Plenge's *Marx und Hegel*, Mayer-Moreau's *Hegels Socialphilosophie*, and Windelband's *Einleitung in die Philosophie*.

TURGEON, C. *Le conception matérialiste de l'histoire d'après Marx et Engels*. Rev. d'Econ. Pol., May-June, 1911. Pp. 42.

A merciless inquiry as to just what Marx and Engels meant by the economic interpretation of history. The writer accuses Marx of vagueness, and Engels of hedging.

TURNER, J. R. *Henry C. Carey's attitude toward the Ricardian theory of rent*. Quart. Journ. Econ., Aug., 1912. Pp. 29.

Ricardo's rent concept is static; Carey's dynamic. So though Carey's slogan was "increasing returns," his concept was not antithetical to Ricardo's as is currently stated. The two men simply proposed different problems to themselves. Their views "were not opposite views of the same thing."

VACCARO, M. A. *La concezione sociologico del progresso*. Riv. Ital. di Sociol., Mar.-Apr., 1912.

A discussion of the origin of the notion of progress, an historical survey of changes in the notion, and a statement of some of the implications of progress.

WOODBURY, R. M. *Wages and ability*. Quart. Journ. Econ., Aug., 1912. Pp. 5.  
An adverse criticism of Professor H. L. Moore's *Laws of Wages*.

## Economic History, Foreign

(Abstracts by Clive Day)

BALLOT, C. *La révolution technique et les débuts de la grande exploitation dans la métallurgie française: L'introduction de la fonte au coke en France et la fondation du Creusot*. Rev. d'Hist. Doct. Econ., No. 1, 1912. Pp. 33.

A valuable contribution, based on material in the National Archives,



describing the means taken to secure a knowledge of the new metallurgical processes from abroad, and the active part played by a brother of John Wilkinson in their application at Creusot; and suggesting the reasons why the iron industry developed so slowly in France.

BUEB, M. C. *The industrial revolution and the middle classes*. Clare Market Rev., May, 1912.

CRESSY, E. H. *Some social and economic results of the revolution in China*. Survey, Oct. 5, 1912. Pp. 3.

DELVAILLE, J. *Ange Goudar et son projet pour la repopulation en 1756*. Rev. d'Hist. Doct. Econ., No. 1, 1912. Pp. 28.

Summary and appreciation of the projects of Goudar, in *Les intérêts de la France mal entendus*, to stimulate the growth of the French population.

DOUBT, A. G. *Economic changes in the textile and dress industries*. Econ. Journ., June, 1912. Pp. 5.

Statistical study with respect chiefly to capital and persons employed.

FERNAND-JACQ. *Le bi-centenaire de Jean-Jacques Rousseau (1712-1912)*. Journ. des Econ., June, 1912. Pp. 14.

An appreciative and sharp criticism of Rousseau's work and influence. He is pictured as the patron saint of modern demagoguery.

GRAS, N. S. B. *Tudor "Books of Rates": A chapter in the history of the English customs*. Quart. Journ. Econ., Aug., 1912. Pp. 10.

A substantial contribution both to the bibliography and to the substance of commercial history.

GUERIN, I. *Le développement économique de la France: les industries textiles*. Mus. Soc. Mem., May, 1912. Pp. 43.

The author, himself a distinguished manufacturer, gives an admirable account of the present condition of French textile manufactures, with a suggestion of the reforms which seem to him desirable.

HAMILTON, M. A. *Sozialreform und öffentliche Meinung in England*. Zeitschr. f. Volkswirtsch., XXI, 4, 1912. Pp. 22.

A comprehensive survey of conditions and tendencies of the last few years; inevitably more broad than deep.

LAFOND, G. *L'évolution économique de la République Argentine*. Journ. des Econ., June, July, Aug., 1912. Pp. 11, 9, 23.

REDFIELD, W. C. *The progress of Japanese industry*. Oriental Rev., Sept., 1912. Pp. 8.

Popular and general account; defends Japanese against charge of commercial dishonesty.

SNODGRASS, J. H. *A year's economic review of Russia*. Daily Cons. & Trade Repts., Oct. 9, 1912. Pp. 7.

VOVARD, A. *D'une bibliographie générale d'histoire économique*. Monde Econ., Mar. 16, 1912.

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*The rise and fall of the indigo industry in India.* Econ. Journ., June, 1912. Pp. 10.

Traces the development of indigo planting until 1897, when the Germans began to compete successfully with the synthetic product.

### Economic Geography

(Abstracts by E. V. D. Robinson)

BAIN, H. F. *Alaska coal-land problems.* Bull. Am. Inst. of Min. Engrs., Aug., 1912.

BELBY, G. T. *The coal resources of Great Britain.* Mech. Engr., May 10, 1912.

HEWES, J. E. *Advantages to communities through the development of water-powers.* Elec. Ry. Journ., Oct. 9, 1912.

Power developments would check floods, improve navigation, and save coal. Government should let power sites go to private interests, free or at nominal rental. Technically possible to cover the United States with network of high tension lines.

KALMUS, H. T. *Conservation and research.* Science Conspectus, Apr., 1912.

Output of coal and iron has doubled in 10 years which "means that output of last decade has exceeded all previous decades." Half of coal is left in ground and of that raised, only 11 per cent is effectively utilized. Business of research man is to raise this per cent. Similar opportunities exist in many industries.

PARKER, E. W. *The coal supplies and coal production of the United States.* Quart. Pubs. Am. Stat. Assoc., June, 1912.

Coalfields of the United States aggregate 310,000 square miles so far as known, but may exceed 500,000, and contain probably 3,200,000 million tons or eight times the reserves of all Europe. Total use to date is less than one half of one per cent of the original supply.

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*Mineral wealth wasted in the United States.* Ry. & Engg. Rev., Sept., 14, 1912.

Summary of report on mineral wastes of Bureau of Mines.

### Agricultural Economics

(Abstracts by John Lee Coulter)

BEATY, D. G. *Management of farm land.* Farm and Home (Mass.), No. 687, 1912.

Different systems of renting land as they affect both landlord and tenant.

BROOMHALL, W., editor. *Ownership or tenancy of agricultural land.* Country Gentleman (London), Estate Book, 1911. Pp. 5.

Merits of ownership considered and discussion as to desirability of small proprietorship *vs.* the present tenant system. Present system—farms generally operated by tenants—defended.

CANCE, A. E. *The decline of the rural population in New England.* Quart. Pubs. Am. Stat. Assoc., Mar., 1912. Pp. 5.

CARVER, T. N. *Economic significance of changes in country population.* Ann. Am. Acad., No. 129, 1912. Pp. 4.

Careful review of present tendency; statement of its significance; steps to stop the movement; and discussion of probable results.

CORBETT, J. S. *Agricultural coöperation.* Coöperation (London), No. 2, 1911. Pp. 4.

Discussion of possibilities of coöperation, profits of middlemen, increase in prices of farm products, and large tenant *vs.* small holders.

COULTER, J. L. *The rural South.* Quart. Pubs. Am. Stat. Assoc., Mar., 1912. Pp. 20.

Paper presented at joint meeting of the American Economic Association and the American Statistical Association. A review of the changes in extent and organization of agricultural activities in the South from 1860 to 1910, including a study of the size of farms, tenant and labor systems. In the same number are discussions of this paper by E. C. Branson, W. E. Dubois, H. B. Frissell, and W. H. Glasson.

DE FONTGALLAND, A. *Le développement économique de la France. L'agriculture.* Mus. Soc. Mém., Mar., 1912. Pp. 52.

A comparatively brief but comprehensive review of the present status of the agricultural industry as well as the chief changes in recent years and the reasons for such changes, such as legislation, exports, and imports. Statistics show the value, number and extent of agricultural holdings, the sizes of farms, organizations of farmers, etc. Introductory and concluding papers by M. Viger (Pres.).

GILLETTE, J. M. *Nature of the rural social problem.* Quart. Journ. Univ. N. Dak., Apr., 1912. Pp. 12.

Covers many economic as well as social problems. To be chapter VII in forthcoming book on *Rural Sociology*.

GRAY, L. C. *Southern agriculture, plantation system, and the negro problem.* Ann. Am. Acad., March, 1912. Pp. 9.

A study of the present plantation system, large *vs.* small farms, hired labor system *vs.* tenant system, credit system, etc.

HIBBARD, B. H. *The decline of rural population.* Quart. Pubs. Am. Stat. Assoc., Mar., 1912. Pp. 10.

Paper presented at joint meeting of American Economic Association and American Statistical Association. Brief summarization of movement and present status in different parts of the United States.

HOUGHTON, M. B. *Marketing of the cotton crop of the South.* Bull. Agr. Dept. Ala., No. 49, 1911. Pp. 13.

Present system of marketing condemned and faults noted; speculation as a factor described and condemned; substitute system outlined and advocated.

LANWICK, M. *Tariff revision and agrarian protection in Belgium*. Rev. Econ. Intern., III, No. 2, 1911. Pp. 26.

Legislative needs of Belgium farmers and extent to which past laws have influenced the prosperity of farmers.

MARQUESS OF LINCOLNSHIRE. *Rival land policies*. Nineteenth Cent., June, 1912.

MILLER, E. E. *The need for long leases*. Country Gentleman, No. 5, 1912. Pp. 13.

Reasons why the short-term lease is wrong from viewpoint of public policy, as well as that of tenant and landlord, and advocacy of long-term leases.

DE MOINARI, M. *Movement agricole*. Journ. des Econ., Nov. 15, 1911; Feb., 1912; May, 1912. Pp. 12, 12, 12.

A series of articles covering a wide scope from scientific discoveries, use of fertilizers, telephones and automobiles in agriculture, to the supply and demand of products, exports and imports, organization for sale, agricultural insurance, etc.

NELSON, H. N. *A successful farmers' elevator*. Nebr. Farmer, No. 1, 1912. Pp. 3.

An examination of the 22 years of experience of a successful farmers cooperative elevator company.

OPPERMANN, A. *Fremtidsudsigterne for dansk Naaletra*. Nat. øk. Tids. Jan.-Feb., 1912. Pp. 19.

In the last thirty years pine tree culture has increased with great rapidity in Denmark and presents new problems in forest management.

PROTHIERO, R. E. *Agricultural laborers and landlords*. Quart. Rev., May, 1912.

SYMONS, G. *Small holdings*. Agr. Students' Gaz., New series, No. 5, 1911. Pp. 4.

Discussion of experience of new holders of small farms who devote all of their time to their farms and of those who cultivate small tracts in addition to their regular employment; also, consideration of the benefits of credit.

TSCHUPROW, A. *The break-up of the village community in Russia*. Econ. Journ., June, 1912. Pp. 25.

Historical, descriptive, and analytical survey of movement.

TWITCHELL, G. M. *A better net price: the rights of the producer in the consumer's dollar*. Amer. Cult., No. 11, 1911. Pp. 4.

Abstract of address before Massachusetts State Board of Agriculture. Analysis of proportion of each dollar which goes to farmer and middlemen.

WOLFF, H. W. *Small holdings and land banks*. Econ. Rev., Apr. 15, 1912.

————— *Two views of the "back to the land" movement*. World's Wk., Apr., 1912.

————— *Diversified farming with tenants in Louisiana.* Farm and Ranch, No. 1, 1912. Pp. 4, 5, 8.

Experience in combining the hired labor system and tenant system with diversified farming; successes, and possibilities of re-organization of southern plantation system.

————— *The rural exodus in France.* Ireland Journ. (Dept. Agric. & Tech. Instr.), 1911. Pp. 4.

Historical and statistical study of movement with attempt to give reasons for same, and remedies suggested.

### Railways

(Abstracts by Ernest R. Dewsnup)

ACWORTH, W. M. and PAISH, G. *British railways: their accounts and statistics.* Journ. Royal Statist. Soc., June, 1912. Pp. 57.

The returns, though improved by the act of 1911, still fail to provide for certain important items, of which ton and passenger mileage is the most important.

COLEMAN, W. C. *The commerce clause and intra-state rates.* Columbia Law Rev., April, 1912.

The Minnesota rate decision is criticized adversely.

DAUSSET, M. I. *The influence of an electric railway in the development of large cities and their social aspects.* Elec. Ry. Journ., Aug. 3, 1912. Pp. 2.

By the comptroller of the city of Paris. There is included a table showing the increase in rides per inhabitant in most of the large cities of the world.

DESFORGES, G. *Transports intérieurs français et transports internationaux.* Journ. des Transports, July 6, 1912. Pp. 2.

Discusses the liability of the carrier for loss or damage in the case of both internal traffic and that conveyed under the regulations of the Berne Convention.

DUNN, S. O. *Government regulation of railway operation.* Proceedings St. Louis Ry. Club, Sept. 13, 1912. Pp. 34.

Discusses legislation relating to accidents, reciprocal demurrage, pooling and labor disputes.

EDGEWORTH, F. Y. *Contributions to the theory of railway rates. III.* Econ. Journ., June, 1912. Pp. 21.

Under the head of monopoly value, considers the influence of demand and cost and their variations, on discriminations in rates.

EVERSMAN. *Die canadische Ueberlandbahn und ihre wirtschaftliche Bedeutung. II, III.* Archiv f. Eisenbahnw., May-June, July-Aug., 1912. Pp. 50.

Special attention to (1) competing lines, (2) the significance of the road with regard to colonization, farming and the grain trade, (3) tariff policy and legislative control.

FINLEY, A. *Effect of transportation on the cost of living.* Ry. & Engg. Rev., Sept. 28, 1912. P. 1.

Railway transportation has done more than its pro-rata share in keeping the cost of living down to the minimum.

GAINES, M. W. *Reasonable regulation of railway rates.* Ry. Age. Gaz., June 28, 1912. Pp. 4.

The decisions of the commission in the Spokane and Intermountain cases are severely criticised, and the present system of rate-making is condemned.

GEDDIE, L. *The transafrican railway.* Chambers' Journ., July, 1912.

HANSEL, C. *Railroad appraisal and taxation in N. J.* Engg. News, Aug., 22, 1912. Pp. 2½.

Explains and defends the method of appraisal followed in the New Jersey valuation.

HEINE, R. *Die Verbesserung des Güterverkehrs auf den k. k. Staatsbahnen.* Zeitsch. d. Oest. Ing. u. Arch. Ver., May 17, 1912. Pp. 2½.

An official exposition of the operating needs of the Austrian state railway system.

HILL, J. J. *History of the Great Northern Railway.* Ry. & Engg. Rev., Sept. 28, 1912. Pp. 1½.

HURD, E. C. *The organization for and methods and results of physical valuation in Nebraska.* Engg. & Con., July 31, 1912. Pp. 5.

By the valuation engineer of the state railway commission.

JOHNSON, E. R. *The canal and transcontinental traffic.* Ry. Age. Gaz., Aug. 2, 9, 1912. Pp. 8.

JOHNSTON, H. H. *Railway projects in Africa and the near east.* Nineteenth Cent., Sept., 1912. Pp. 12.

LEROY-BEAULIEU, P. *Les grandes compagnies de chemins de fer français en 1911. I. II.* L'Econ. Franç., July 27, Aug. 17, 1912. Pp. 4.

LOOMIS, N. H. *Taxation in Keith county, Nebraska.* Ry. Age. Gaz., Aug. 16, 1912. P. ½.

In Keith county, the Union Pacific pays taxes at the rate of \$11.48 per capita of population, as against \$9.52 paid by other property. It pays 55.38 per cent of all its net earnings in the county.

MACLER, C. *Les crédits supplémentaires des chemins de fer de l'Etat devant le Parlement.* Journ. des Econ., Aug., 1912. Pp. 14.

MARKS, M. M. *Bourne bill's many defects.* Greater New York, July 15, 1912. Pp. 2.

Text of a hostile report on the Bourne parcels post zone bill by the postal committee of the Merchant's Association of New York.

MARTIN, P. F. *Le chemin de fer de Bagdad.* Journ. des Transports, July 20, 1912. P. 1.

Reproduced from the "Railway Gazette" of London. The Bagdad railway project is under the domination of German financial interests and is likely to prove a good thing to them. The line assures to Germany commercial predominance in the Orient.

MCPHERSON, L. G. *Commerce, the commission and the courts.* Ry. Age Gaz., June 21, 1912. Pp. 3.

A brief outline of a number of the cases in which conflict of opinion has occurred between the Commerce Court and the Interstate Commerce Court.

MERTENS. *Die wirtschaftliche Lage Russlands an der Hand des Entwurfes zum Reichsbudget, 1912.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 19.

NEWCOMB, H. T. *Railway capitalization and traffic.* Ry. Age Gaz., Sept. 13, 1912. Pp. 2½.

Future investments of capital in the railways of the United States will show decreasing rates of return, when measured by the volume of transportation or, unless, rates are reduced, by the revenue produced.

OYEN, H. *Making business to order.* World's Wk., July, 1912. Pp. 4½.

Examples are given of the way in which industrial development has been fostered by the Santa Fé railway.

PARDEE, J. S. *How we kicked sixteen billions upstairs.* American, Sept., 1912. Pp. 9.

With light touch, the author depicts the advantages that have accrued to the railways from regulation.

PAWLOWSKI, A. *Les résultats de l'exploitation des chemins de fer français, anglais et allemands en 1910.* Journ. des Transports, June 1, 1912. Pp. 2½.

An abstract of M. Colson's annual review in the "Revue Politique et Parlementaire." Operating ratio continues to increase in France (1908-10) while decreasing in England and Germany. Growth of operating revenue has been much less rapid in France than in Germany.

PAWLOWSKI, A. *Le rapport Rivet, sur le travail des agents des chemins de fer en 1910.* Journ. des Transports, June 29, 1912. Pp. 3.

Summary of the official report of M. Rivet, showing average hours of labor on the various railways of France, and also the number of complaints put forward by railway employees.

PAWLOWSKI, A. *Le transport international des bagages sur les chemins de fer.* Journ. des Transports, July 20, 1912. Pp. 3.

PAWLOWSKI, A. *La démocratisation de la vitesse.* Journ. des Transports, Aug. 10, 1912. Pp. 3½.

Summary of papers, by P. Meuriot and J. Bernard, appearing in the "Bulletin of the Statistical Society of Paris." Statistics are given to show the extent of the reduction in time of transit and cost of travel (passenger) on French railways from 1877 to 1907, also of the growth of third-class travel from 1899 to 1907.

PAWLOWSKI, A. *Les exploitations d'Etat*. Journ. des Transports, Aug. 17, 1912. Pp. 2½.

An abstract of those chapters of M. Colson's *Organisme Economique et Désordre Social* that relate to state industrial undertakings. The results of state management in France reveal both extravagance and incapacity.

PETERS, J. W. S. *A sliding scale for street railway dividends based on quality of service*. Engg. News, Oct. 10, 1912. P. 1.

POINSARD, L. *La condition actuelle des chemins de fer en droit international et le transport des voyageurs*. Rev. Sci. Pol., May-June, 1912. Pp. 17.

The principles underlying the Berne Convention of 1890, regarding the movement of freight from one country to another, are briefly explained, and, with reference to the conference of 1911 upon the establishment of a passenger convention, the general rules that should govern the convention are laid down.

RIPLEY, W. Z. *Freight classification on American Railways*. Ry. Age Gaz., Aug. 16, 23, 30, Sept. 6, 1912. Pp. 15½.

Numerous examples of lack of uniformity under the present involved system of classification are adduced. Discrimination is facilitated thereby. The difficulties of establishing proper relations between classifications such as those of raw and finished products, of making satisfactory car-load and less-than-car-load ratings, offering suitable car-load minima, are all noticed. The writer hesitates to recommend uniform classification but believes that the federal government should use its power to secure as much homogeneity as practicable.

RIPLEY, W. Z. *Present problems in railway regulation*. Pol. Sci. Quart., Sept., 1912. Pp. 26.

A discussion of the issues between the Interstate Commerce Commission and the Commerce Court in the Intermountain cases forms the main part of the paper. Expresses approval of the attitude of the commission.

ROHLING, K. *Eine Krisis in dem gewerblichen Einigungs- und Schiedsgerichtsverfahren der englischen Eisenbahnen*. I, II Archiv f. Eisenbahnw., May-June, July-Aug., 1912. Pp. 51

A history of the railway dispute that occurred in England during the summer of 1911. The work of the Royal Commission appointed in connection therewith and the nature of its report are described.

SCHIMPF, G. *Wirtschaftliche Betrachtungen über Stadt- und Vorortbahnen*. I, II Archiv f. Eisenbahnw., May-June, July-Aug., 1912. Pp. 72.

A very elaborate study of the desirable arrangements for city and suburban railways, with examples drawn chiefly from German cities.

SIZTERENYI, J. *Résultats de l'exploitation des chemins de fer de l'Etat en Hongrie*. Journ. des Transports, Aug. 17, 1912. P. 1.

Summary of a speech made in Parliament by the former secretary of state in the ministry of commerce. He traces the development of Hun-



garian railways during the last twenty years, and explains the causes that have contributed to the increase of the operating rates (80.6 per cent in 1910).

THOMPSON, S. *New Zealand railways not comparable to American.* Ry. & Engg. Rev., Sept. 14, 1912. Pp. 1½.

The railways of New Zealand show results inferior to those obtained by American railways.

LE VERGNIER, A. *Les chemins de fer du Brésil.* Génie Civil, May 18, 1912. Pp. 3½.

VOLCKER. *Reforms in the administration of the German state railways.* Bull. Intern. Ry. Cong., Aug., 1912. Pp. 15.

Has special reference to the changes in the system of organization of the Bavarian state railways made in 1907.

WEISSENHACH, P. *Der Abschluss der Verstaatlichung der Hauptbahnen und zehn Jahre Staatsbetrieb in der Schweiz. I.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 34.

WELLS, R. O. *Handling freight at local stations.* Ry. & Engg. Rev., July 27, 1912. Pp. 1½.

Describes the "return ballot" system of freight-car loading.

WERNEKE. *Die Mitwirkung der Eisenbahnen an den Kruegen in Mitteleuropa.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 29.

Particular emphasis is laid upon the part played by railway transport in the German campaigns of 1866 and 1870-71 (with Austria and France respectively).

WIMBISH, W. A. *Should the government own the railroads?* Sew. Rev., July, 1912. Pp. 15.

Government ownership is inevitable unless regulation can be accepted as satisfactory and sufficient. Railways should give the same standard of service as English railways and should be subject to similar control.

YOAKUM, B. F. *High cost of railroading.* World's Wk., Oct., 1912. Pp. 9.

Increase in wages, in prices of fuel and supplies, and in loss and damage claims, higher cost of capital, reduced rates, are all emphasized as causes of the present high cost of railway working. New construction is practically at a standstill.

----- *The Boston and Northern half-fare case.* Electric Ry. Journ., July 13, 1912. P. 1.

Abstract of the company's brief in the hearing before the supreme court of Massachusetts. The court decided that the half-fare act of 1910 was constitutional.

----- *Bourne parcels post zone bill is opposed.* Greater N. Y., July 8, 1912. P. 1.

Merchants' Association opposed the bill on the ground that it discriminates against the Atlantic seaboard cities in favor of cities in the central part of the country.

————— *Canadian railway policy and its results.* Ry. Age Gaz., June 14, 1912. P. 1.

To June 30, 1911, the Canadian federal and provincial governments had granted \$202,000,000 in subsidies, and 55 million acres of land.

————— *Decision in the Milwaukee fare case.* Electric Ry. Journ., Aug. 31, 1912. Pp. 9½.

The text of the decision of the Wisconsin commission. Five to six per cent is a reasonable compensation for the cost of securing capital, and, if to this 1½-2 per cent be added to cover profits, the total rate of return is sufficient to allow for the risks of the business.

————— *Development of transport in Paris.* Bull. Int. Ry. Cong., Aug., 1912. Pp. 6.

————— *The express rate cases.* Ry. Age Gaz., July 26, 1912. P. 1.

————— *The extent of government ownership.* Ry. Age Gaz., July 19, 1912. P. 1.

The mileage of private and state railways in the various countries. Extract from the "Archiv für Eisenbahnwesen," for May-June.

————— *The genesis of railway statistics.* Ry. & Engg. Rev., Sept. 21, 1912. P. ½.

The general nature of the statistical returns made by the railways of the United States is described.

————— *Legislation relating to operation.* Ry. Age Gaz., Sept. 27, 1912. Pp. 1½.

There were introduced into the state legislatures of 1912, 292 bills relating to railway operation, 48 of which were enacted into law.

————— *Pennsylvania railroad's reproduction of early transportation.* Ry. Engg. Rev., Sept. 28, 1912. Pp. 2.

An illustrated description of early transportation facilities in this country.

————— *The physical valuation department of the Nebraska state railway commission.* Engg. News, Aug. 15, 1912. Pp. 2.

Describes the methods pursued by the department. The recent valuation of the railways of the state cost about \$6 per main-track mile.

————— *Railway cost accounts.* Accountant, July 6, 1912. Pp. 3.

Though replete with difficulties, the idea of establishing separate profit-and-loss accounts in respect of each train-run seems worth trying.

————— *The "rate advance" decisions and eighteen months after.* Ry. Age Gaz., Aug. 2, 1912. Pp. 2.

The prophecy of the Interstate Commerce Commission has not been realized; since 1910 there has been a substantial decrease in operating revenue.

————— *Report on transportation in San Francisco.* Elec. Ry. Journ., Oct. 5, 1912. Pp. 4.

— *Statistics of railways.* Archiv f. Eisenbahnw., May-June, July-Aug. 1912.

May-June, Australia (1910), France (1909), Turkey (1910), Württemberg (1910). July-August, Alsace-Lorraine (1910), Dutch East Indies (1910), Oldenburg (1910), Swedish State Railways (1910), Sweden (1908).

— *Steam and street railway capitalization.* Ry. Age Gaz., June 21, 1912. P. 1/2.

— *Supreme Court decisions in Commerce Court cases.* Ry. Age Gaz., June 21, 1912. Pp. 3.

Abstracts of the opinions of the Supreme Court in certain cases appealed from the Commerce Court. In the Procter and Gamble opinion, the Supreme Court laid down the dictum that the Commerce act endowed the court it created with powers of entertaining complaints only with respect to affirmative orders of the commission.

— *Valuation of railways in New Jersey.* Ry. Age Gaz., Aug. 9, 1912. Pp. 3 1/2.

A detailed statement of the methods adopted by Mr. Hansel.

— *Les crédits supplémentaires des chemins de fer de l'Etat et le rapport Baudin.* Journ. des Transports, July 27, 1912. Pp. 3 1/2.

Summary of the report of the Commission of Finances of the French Senate. See entry under "Macler."

— *Les crédits supplémentaires du réseau de l'Etat.* Journ. des Transports, July 13, 1912. Pp. 2.

A summary of the report of the commission of the budget. See above under "Macler."

— *Relèvements des tarifs des chemins de fer de l'Etat danois.* Journ. des Transports, July 6, 1912. Pp. 1 1/2.

*La pénétration au Maroc et l'organisation des transports.* Journ. des Transports, July 20, 1912. Pp. 2.

— *La tarification voyageurs sur les chemins de fer anglais.* Journ. des Transports, Aug. 10, 1912. Pp. 2 1/2.

A concise explanation of English passenger tariffs and of the nature of the recent advances in rates. Reproduced from "Revue Generale des Chemins de Fer."

— *Deutschlands Getreideernte im Jahre 1909 und die Eisenbahnen.* Archiv f. Eisenbahnw., May-June, 1912. Pp. 26.

— *Die Eisenbahnen der Erde.* Archiv f. Eisenbahnw., May-June, 1912. Pp. 25.

The customary annual statistics. The decade 1900-10, shows a total increase of railway mileage of 150,000 miles, a much larger increase than that of any decade except 1880-90, which was a trifle larger. Out of a total 640,000 miles, thirty per cent is under state

management (in Europe alone, more than fifty per cent, equivalent to sixteen per cent of the total mileage).

— *Erweiterung und Vervollständigung des preussischen Staatseisenbahnnetzes im Jahre 1912.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 37.

*Unfälle auf den französischen Eisenbahnen, 1909.* Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 3.

Total killed, 692, injured 1,142, as against 625 and 1,337 for 1908.

## Accounting

(Abstracts by John Bauer)

ALBAN, F. J. *Income tax as affecting local authorities.* Accountant, July 13, 1912. Pp. 11.

Considers various accounting problems of the income-tax administration, especially depreciation allowances of income tax on interest from sinking-fund investments, and the preparation of accounts for income-tax purposes.

BAFFIN, W. F. *Accounting methods of mercantile corporations.* Journ. Account., July, Aug., 1912.

The books discussed are the various journals, subsidiary ledgers, and the general ledger; the accounts, chiefly those of the general ledger, designed so as to give the manager control of the business. Not a particularly pointed article.

BENNETT, R. J. *Audit of a building and loan association.* Journ. Account., July, 1912. Pp. 18.

Briefly discusses the function of a building and loan association, and describes the methods of stock issue and the scheme of organization; shows how profits are apportioned among members, and finally gives rules how to proceed with an audit of an association's accounts. The rules are very general and are applicable to any audit whatever.

BENTLEY, H. C. *Standardization of accounting forms and methods.* (Articles 5, 6, 7.) Journ. Account., July, Aug., Sept., 1912.

Article 5 discusses the cost of merchandise; this should be the cost-on-the-shelves, which should include (1) invoice prices paid, (2) freight and cartage inward, (3) expenses of the purchasing department, (4) warehouse expenses, (5) insurance on stock. Article 6 presents a model balance sheet, and article 7 a model income statement of a manufacturing company; the arrangement of the statements and the nature of the items included are discussed, and comparisons are made with a mercantile company. The articles are suggestive but rather diffuse; and sometimes the writer is offensive in his references to the "economist-accountants," "theorists," and "production engineers."

DUDLEY, B. *Building societies accounts.* Accountant, July 27, 1912. Pp. 9.

Briefly describes the financial organization of the ordinary English building society, describes the principal books of accounts, and presents several important forms.

HEYDEON, F. E. *Modern transportation accounting: operating expenses.* (Continued.) Gov. Account., June, 1912. Pp. 6.

Analyzes the different accounts under Maintenance of Way and Structures.

LEVIE, G. E. *Income tax and income assessable under Schedule D.* Accountant, June 29, 1912. Pp. 13.

Considers especially the question "what constitutes annual profits" within the meaning of Schedule D of the English income tax. The answer must be based upon the principles of economics and accounting. Numerous examples and illustrations are given from private, partnership, and company finance.

MOYER, M. S. *The audit of banks of discount and deposit.* Journ. Account., Aug., 1912. Pp. 5.

Shows how the various accounts of the bank may be checked off and verified, especially depositors' accounts, and notes and loans.

WILLIAMS, H. D. *Trust company audits and examinations.* Journ. Account., Sept., 1912. Pp. 6.

Briefly describes the nature of the trust company's business and suggests some of the points that an auditor should particularly observe.

WILLIAMS, L. R. *The relationship between rates, local debt, and rateable value.* Accountant, Sept. 21, 1912. Pp. 8.

Points out that "ratable value" is determined so differently from one town to another in England that uniform tax rates throughout the country result in various discriminations and relative injustices, which have their serious effects upon private finance.

————— *The auditor's legal liability.* Journ. Account., July, 1912. Pp. 4.

Auditors should be made legally liable for statements in their certificates, especially if embezzlement of funds or losses in investments result from lack of due diligence on the part of the auditor.

————— *Phantom (mining) profits.* Accountant, Sept. 28, 1912. Pp. 5.

A reprint from the "Mining Magazine," showing that the way profits are calculated by many Transvaal mining companies results in confusion as to gains actually realized. A distinction is made between "working costs" and "total costs," and "working profits" and "net (or distributable) profits." Working profits are the total mining returns less working costs; distributable profits are the total returns less total costs (including working costs and any others). It is easy to confuse the two kinds of profits, and sometimes the difference between the two is considerable. The important item to the investor is the net or distributable profit.

### Corporations and Trusts

(Abstracts by M. H. Robinson)

BAEKLAND, L. H. *The abuses of our patent system.* Met. & Chem. Engg., May, 1912.

Advocates a patent commission, to be appointed by the President of

the United States, for the purpose of studying the present patent law and suggesting reforms. Meantime, favors a court of patent appeals.

BOWSHER, C. A. *The American system of economics*. Moody's Mag., Aug., 1912.

Advocates the formation of industrial monopolies in each of the great industries, and the representation of these organizations in the federal congress. No government should enter into any business but should act as the arbitrator between the people and the monopolies.

BUTLER, J. G. *Competition: its uses and abuses*. Ir. Age, May 23, 1912.

"I insist, therefore, upon taking a broad view of this word 'competition.' In a newer and larger sense it really does constitute the life of trade, but not simply in the sense of price competition; in the sense rather of rivalry at all points—in developing new markets, in improving the quality of the goods and adapting them better to the uses for which they are intended and in reducing the cost of production and distribution."

CLARK, W. E. *Control of industrial monopoly*. Rollins Mag., July, 1912.

The economies of large scale production are analyzed and the methods by which industrial monopoly may be achieved by effecting real economies are stated. The conclusion is reached that if foul tactics are prevented, industrial monopoly will be rare and will arise only as a result of efficiency. Such monopolies must be regulated by law.

MONTAGUE, G. H. *The conservation of business opportunity*. Journ. Pol. Econ., June, 1912.

The author asserts that neither the courts nor the economists have been able to agree upon a workable program for preventing the obstruction of the highways of commerce. The shoe-machinery trust has pointed the way.

MONTAGUE, G. H. *The proposed patent law amendments*. Green Bag, July, 1912.

A discussion of the amendments to the patent laws recently proposed in Congress reaching the conclusion that the present laws need little amendment.

MONTAGUE, G. H. *The Sherman anti-trust act and the patent law*. Yale Law Journ., Apr., 1912.

This article was written before the decision in the *Henry vs. Dick* case was handed down, and the conclusion conforms closely to the terms of the decision rendered by the Supreme Court.

MONTAGUE, G. H. *The Supreme Court on patents*. Yale Law Journ., May, 1912.

A review of the *Henry vs. Dick* case with discussion of the cases, and an appreciation of the decision of the Supreme Court.

EDDY, A. J. *The new competition*. Worlds Wk., May, June, July, 1912.

The open policy, the development of business ethics, and the adoption of the policy of segregation are popularly treated.

PINNER, F. *Petroleum-Strategie*. Die Bank, July, 1912.

A discussion of the European petroleum situation as influenced by the development of powerful European companies and the competition of these companies with the Standard Oil Co. of the United States.

SINGLETON, W. E. *Entities, and real and artificial persons*. Journ. Comparative Legis., May, 1912.

Advocates using the method of science rather than that of metaphysics in dealing with corporations. Argues that the fiction of the corporate entity should not be discarded.

STETSON, F. L. *Government and the corporations*. Atlantic, July, 1912.

The corporation is a permanent institution and while the courts are the best means of protection against the dishonesty and unfair practices by officials, a commission is desirable to protect the public interests.

STEVENS, W. S. *A group of trusts and combinations*. Quart. Journ. Econ., Aug., 1912.

A discussion of the Electric Lamp combination, the Watch combination, the Shoe Machinery trust, the Consolidation Coal company, the Bathtub pool, the Cash Register company, and several commercial combinations, all based upon the petitions of the Department of Justice asking for the dissolution of the several combinations.

TAYLOR, A. H. *Is competition compassed by immortality that sort of unrestricted trade which is favored of the law?* Am. Law Rev., Mar.-Apr., 1912.

A criticism of the decision of the Miles Medical Company case.

WILLIS, H. P. *Political obstacles to anti-trust legislation*. Journ. Pol. Econ., June, 1912.

Read before the Western Economic Society, March, 1912. Political changes in the White House and in Congress, and the interest of manufacturers in maintaining the Sherman act because it has been applied to labor unions as well as to capitalistic enterprises, have effectually prevented any serious attempt to study anti-trust legislation and modify it in conformity with present day needs.

WRIGHT, C. W. *The trust problem—prevention versus alleviation*. Journ. Pol. Econ., June, 1912.

Discusses the cause of trusts, the distinction between the trust and the corporation problem, and advocates policy of regulation based on preventive methods rather than on the present alleviative ones.

————— *Company law amendment*. Accountant, July 27, Aug. 3, 1912.

An editorial discussion of the proposals suggested by Mr. M. W. Jenkinson, F. C. A., in the issue of July 15, on the subject of the promotion and the accounts of a limited company. Among other proposals Mr. Jenkinson favored the abolition of underwriting, or the placing of the amounts paid the underwriters on the front page of the prospectus.

————— *The just value of monopolies, and the regulation of the prices of their products.* Pro. Am. Soc. of Civ. Engrs., May, 1912.

An algebraic discussion of methods of obtaining the costs of production and distribution for the purpose of obtaining the basis for a just price wherever a commodity is monopolized and the government is required to fix the charges which it may make for its services.

————— *Legislation regarding restraint of competition.* Ry. Age. Gaz., July 5, 1912.

An editorial advocating a modification of the Sherman law permitting combinations under the supervision of a government commission.

————— *Massachusetts decision in the United Shoe Machinery case.* Elec. World, July 13, 1912.

An editorial discussion of the Massachusetts supreme court decision in the case of the United Shoe Machinery Company *vs.* Chappelle. The decision holds that combination between owners of patent monopolies is prohibited by the terms of the Sherman anti-trust act.

### Labor and Labor Organizations

(Abstracts by George E. Barnett)

AUEL, C. B. *A review of existing wage systems.* Am. Mach., June 13, 1912.

BELLOC, H. *The industrial transition in England and the recent coal strike.* Mouv. Social, June, 1912. Pp. 26.

Reviews recent English labor history from an extreme anti-capitalistic viewpoint.

BOIX, J. M. *El sindicalismo católico en Barcelona.* Revista Soc., May, 1912. Pp. 5.

Sketches the growth since 1907 of catholic syndicalism under the influence of Father Palau in Barcelona.

BUXTON, C. R. *Minimum wages for agricultural labourers.* Contemp. Rev., Aug., 1912. Pp. 9.

The wages of agricultural laborers in some parts of England are miserably poor. The agricultural industry can adapt itself to higher wages, but a moderately rapid increase in wages in many districts can come only through legal enactment.

CHADDOCK, R. E. *Reporting of industrial accidents.* Am. Statist. Assoc. Quart., June, 1912. Pp. 22.

Reviews critically the reports now made in the various states and discusses the problems in the solution of which statistical data are essential.

COTES, K. C. *Mediaeval industrial courts.* Law Mag. and Rev., May, 1912.

CRONBACH, E. *Die neuere Gesetzgebung über die Heimarbeit unter besonderer Berücksichtigung des österreichischen Regierungsentwurfes.* Zeitschr. f. Volkswirtsch., XXI, 3, 1912. Pp. 33.

A critical analysis of the proposed Austrian law regulating home work.



DAWSON, M. M. *Employer's liability and workmen's compensation*. Mach., May, 1912.

Abstract of paper read before the Metal Trades Association. Discusses the purpose of compensation acts, and European legislation on the subject.

ENSOR, R. C. K. *The practical case for a legal minimum wage*. Nineteenth Cent., Aug., 1912. Pp. 13.

FOSTER, W. D. *The New Bedford textile strike*. Survey, Aug. 24, 1912. Pp. 2.

Deals with the causes of the strike and the conflict among the various unions.

GAUTIER-LACAZE. *Le syndicat de l'aiguille bordelaise*. Rev. Econ. de Bordeaux, June-July-Aug., 1912.

Describes a union of needle workers employed in home work.

GELDART, W. M. *The status of trade unions in England*. Harvard Law Rev., May, 1912. Pp. 23.

A discussion of the legal status of English trade-unions particularly as affected by the act of 1906 and the Osborn case.

GIRELIUS, C. G. *A Baltimore strike and what it brought*. Survey, Aug. 3, 1912. Pp. 4.

An account of the Baltimore stevedores strike and its outcome.

GOMPERS, S. *The A. F. of L.'s successful fight for child labor laws*. Am. Federationist, Sept., 1912. Pp. 5.

Contains a number of letters from various trade-union officials claiming that child labor laws in their states were enacted through the efforts of the trade-unions.

GOMPERS, S. *Guilty of contempt, says Justice Wright*. A Review. Am. Federationist, Aug., 1912. Pp. 11.

GOMPERS, S. *The Lawrence dynamite conspiracy*. Am. Federationist, Oct., 1912. Pp. 9.

GOMPERS, S. *The shadow of a great strike; the miners' victory*. Am. Federationist July, 1912. Pp. 14.

A review of the negotiations and settlement in the anthracite field.

GREENWOOD, A. *Some statistics of juvenile employment and unemployment*. Journ. Royal Statist. Soc., June, 1912. Pp. 10.

Based on the reports of the English labor exchanges.

GRIFFITHS, J. L. *Changes in British labor world*. Daily Con. & Trade Rep., Aug. 8, 1912. Pp. 8.

GRIFFITHS, J. L. *Industrial copartnership in British Isles*. Daily Con. & Trade Rep., Aug. 26, 1912. Pp. 9.

A brief account of the present status of profit sharing in the United Kingdom.

GRIFFITHS, J. L. *New British mining law*. Daily Con. & Trade Rep., July 31, 1912. Pp. 3.

GOOD, T. *The coal strike; its causes and consequences.* Cassier's Mag., June, 1912.

GUYOT, Y. *La solution économique des grèves.* Journ. des Econ., Aug., 1912. Pp. 11.

Industrial peace can only be achieved by the formation of corporations of laborers with joint stock.

HOLDER, A. E. *Railroad strikes since 1877.* Am. Federationist, July, Aug., Sept., 1912. Pp. 3, 4, 7.

HUBBARD, E. *The minimum wage—past and present.* Econ. Journ., June, 1912. Pp. 7.

A brief historical sketch of the legal minimum wage in England, with some consideration of the recent demands of the English coal miners.

JUNGST. *Der Mindestlohn im britischen Steinkohlenbergbau.* Gluckauf, May 11, 1912.

Review of conditions in the British coal industry, and text of the minimum wage bill.

KOHT, H. *Die 48er Arbeiterbewegung in Norwegen.* Archiv f. Geschichte Sozial, II, 203, 1912. Pp. 37.

An illuminating account of the Norwegian labor movement of 1848. Contains a careful statement of the economic and social doctrines of Thranes.

LAY, T. *Growth of British trade unions.* Daily Con. & Trade Rep., Sept. 25, 1912. Pp. 2.

LAYTON, W. T. *Report on earnings and hours of labour in railway service.* Econ. Journ., June, 1912.

LEROY-BEAULIEU, P. *La dissolution de l'Etat par les syndicats administratifs.* L'Econ. Franç., Sept. 14, 1912. Pp. 3.

The growth of unions of government employees has been due to the weakness and pliability of the government. They now constitute a menace to the state.

LESCHOIER, D. D. *Safety in a concentration plant.* Survey, Sept. 21, 1912. Pp. 6.

Describes the safety devices in the ore-washing plant of the Oliver Iron Mining Company at Coleraine, Minn.

LEVINE, L. *Syndicalism.* North Am., July, 1912. Pp. 11.

Syndicalism is the result of the capture of socialism by the intellectuals.

LINENTHAL, H. *The prevention of occupational diseases.* Boston Medical and Surgical Journ., May 23, 1912. Pp. 13.

A summary of the measures which should be adopted for the prevention of occupational diseases.

MCPHERSON, J. B. *The Lawrence strike of 1912.* Bull. Nat. Assoc. Wool Mfgs., Sept., 1912. Pp. 46.

After a detailed review of the causes and course of the strike, con-

cludes that the employers and employees should learn from the strike the importance of maintaining stable and well-managed unions in the industry.

MARCHINI, M. *Lo sciopero nelle odierne leggi sociali e civili*. Riv. Internazionale, Apr., 1912. Pp. 25.

The first installment (largely historical) of a survey of strikes and of thought about them.

MARCHINI, M. *Lo sciopero nelle odierne leggi sociali e civili*. Riv. Internazionale, May and June, 1912.

Chiefly a discussion of modern theories about strikes and their effect upon the legal position of the labor contract. Gives theoretical approval to the principle of compulsory arbitration.

MASON, F. H. *Working hours and cost of production in France*. Daily Cons. & Trade Rep., Sept. 27, 1912. Pp. 4.

A brief historical sketch of the legislation limiting working hours. The labor cost has been increased less than was anticipated by manufacturers.

MOORE, H. *The living wage in the Australian arbitration court*. Journ. Comp. Legis., May, 1912. Pp. 7.

An account of the principles followed by the court in fixing wage rates.

NEARING, S. *Wages in Massachusetts and New Jersey*. Quart. Publics. Am. Stat. Assoc., June, 1912. Pp. 17.

Describes the methods of securing and compiling wage statistics in these states and reaches some general conclusions as to the rate of wages.

PAWLOWSKI, A. *Conciliation et arbitrage*. Journ. des Transports, June 8, 1912. Pp. 3.

Adversely criticizes M. Marlio's plan for arbitration tribunals for the French railways.

PAWLOWSKI, A. *Le désordre social*. Journ. des Transports, Aug. 24, 1912. Pp. 5.

Discusses various proposals, chiefly those of Colson, for avoiding strikes of public service employees.

PAYEN, E. *L'apprentissage dans l'industrie de l'horlogerie*. L'Econ. Franç., May 25, 1912.

A discussion of the decline of apprenticeship in the industry. Based on a report of the Office du Travail.

PAYEN, E. *L'application des lois sur le travail en 1911*. L'Econ. Franç., Sept. 21, 1912.

A critical review of French labor legislation, based on statistics and statements contained in the official report for 1911. The inspectors are too few to discharge the numerous duties imposed upon them; much of the legislation creates new evils of equal importance with those it aims to remedy, and, finally, some of the laws result in closing certain occupations to the classes of workers formerly engaged therein.

PEASE, E. R. *Geschichte der englischen Labour Party*. Archiv f. Geschichte Sozial., III, 1, 1912. Pp. 23.

RICHARDS, R. C. *Safety first*. Ry. & Engg. Rev., Aug. 24, 1912. Pp. 4.

An account by the chairman of the general safety committee of the Chicago and Northwestern Railway of the efforts made since 1910 to reduce the number of accidents on that railroad and of the results.

RIGAUX, M. *La lutte contre le chômage: ses difficultés, ses possibilités*. Mouvement Social, July, 1912. Pp. 29.

A discussion of the difficulties inherent in unemployment insurance.

ROBERTSON, D. H. *A narrative of the coal strike*. Econ. Journ., Sept., 1912. Pp. 23.

A detailed and painstaking account.

SCHNACKE, F. D. *The legal status of workmen's compensation*. Green Bag, June, 1912. Pp. 7.

VON SCHULTZE. *Das Kinderschutzgesetz in der Praxis*. Soziale Praxis, May 23, 30, 1912.

An intimate description by a factory inspector of the difficulties in enforcing the child labor law.

SLICHTER, C. S. *Industrialism*. Pop. Sci. Mo., Oct., 1912. Pp. 8.

A summary of some of the chief results of industrialism on controversy, government and religion.

SPENDER, H. *The London port strike*. Contemp. Rev., Aug., 1912. Pp. 10.

The interests of the port of London demand higher consideration for the laborers.

TELEKY, L. *Der Regierungsentwurf eines Backerschutzgesetzes Jahrbuch 1912 der Gesellschaft österreichischer Volkswirte*. Zeitschr. f. Volkswirtschaft., XXI, 5, 1912. Pp. 17.

A detailed examination of the relation of the work in bakeries to the health of the workers, with particular reference to the proposed Austrian law regulating working conditions in such establishments.

VALENTINE, G. D. *Compensation for accidents to minor workmen*. Juridical Rev., June, 1912. Pp. 9.

Under the British acts of 1897 and 1906 the courts in allowing compensation cannot take sufficiently into account the prospective rate of compensation of the minor.

WOODS, R. A. *The Boston street railway strike*. Survey, Aug. 3, 1912.

ZIMMERMANN, W. *Die Internationale Konferenz über die Arbeitszeit in Industrien mit ununterbrochenem Betriebe*. Soziale Praxis, June 20, 1912.

An account of the deliberations and recommendations of the conference called by the International Association for Labor Legislation, and held at London, June 11-12, 1912. The conference was attended by 33 delegates from 12 countries. It recommended the introduction of the eight-hour shift in the iron and steel industry and the adoption of an international agreement among the nations concerned.

————— *The anti-injunction bill and railway service.* Ry. Age Gaz., July 12, 1912. P. 1.

Criticizes adversely the anti-injunction bill which passed the House in July, particularly on the ground that it will make it easier for the unions to stop the movement of trains in time of strike.

*Apprenticeship associations in London.* Sociol. Rev., July, 1912. Pp. 5.

Argues in favor of the continuance of such associations.

*Arbitration of wages in Springfield and Worcester, Massachusetts.* Elec. Ry. Journ., Aug. 24, 1912. P. 1.

Summary of the arguments made before the arbitration board.

————— *The coal strike.* Econ. Journ., June, 1912.

——— *A discussion on syndicalism.* Sociol. Rev., July, 1912. Pp. 10.

The discussion was opened by Graham Wallas and participated in by A. J. Balfour, J. A. Hobson, and J. R. McDonald.

————— *Notes on labor laws of 1912.* N. Y. Lab. Bull., June, 1912. Pp. 12.

Brief description of the labor laws enacted in New York in 1912, and comparisons with former legislation in New York and similar laws in other states.

————— *Rapports entre le chômage et le travail des enfants.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, Jan.-June, 1912. Pp. 307.

A series of papers discussing juvenile unemployment in the chief industrial countries.

————— *Die Regulierung der Heimarbeit in Oesterreich.* Soziale Praxis, May 16, 1912. Pp. 4.

The Austrian law of 1911 briefly described.

## Money, Prices, Credit, and Banking

(Abstracts by Fred Rogers Fairchild)

ALLEN, W. H. *The Aldrich plan as a political issue.* Moody's Mag., Aug., 1912. Pp. 3.

Denies that there is a great demand upon New York to furnish money for moving the crops or that this demand is a cause of panics.

ALLEN, W. H. *The Aldrich plan and the concentration of money at New York.* Moody's Mag., July 1912. Pp. 6.

Attacks Kemmerer's monograph on *Seasonal Variations in the Demand for Money and Capital in the United States*. In particular claims that the highest money rates have seldom come during the crop moving months; urges that the New York call loan market is not a true guide; and denies that Western demands for New York funds have been a cause of panic.

ATWOOD, A. W. *Borrower and money trust*. Rev. Rev., Aug. 1912. Pp. 12.

Popular presentation of the evidence as to the existence of a "money trust" and as to its character and power.

BALDWIN, S. E. *The trust company as a state institution*. Journ. Am. Bankers' Assoc., June, 1912. Pp. 2.

In favor of keeping the trust companies of the United States solely under state control.

BERRY, W. H. *The influence of currency in the trust problem*. Moody's Mag., Sept., 1912. Pp. 7.

Favorable to increased use of government legal tender notes. Opposes Aldrich plan.

BONARDI, F. *La speculazione sulle aree fabbricabili a Milano*. Rif. Soc., June, 1912. Pp. 16.

A summary of the history of land speculation in Milan, especially since the panic of 1907. The inference is drawn that the newly arisen land companies have no real economic function but represent the speculator's desire to reduce his capital to liquid form.

BYRNE, F. D. *The new era of banking in Italy*. Bankers' Mag. (London), Oct., 1912. Pp. 4.

CHAMBERLAIN, L. *The principles of bond investment*. Moody's Mag., May-Oct., 1912. Pp. 4, 5, 8, 7, 6.

Since published in book form; to be reviewed.

D. D. *Den amerikanska bank-kommitténs publikationer och forslag*. Ek. Tids., No. 3, 1912. Pp. 8.

Summarizes briefly the recommendations of the National Monetary Commission.

DALCHOW. *Die Reichsbank in kritischer Betrachtung ihres juristischen Gefuges und ihrer volkswirtschaftlichen Bedeutung*. Annalen d. Deutschen Reichs, April, 1912.

ECKARDT, H. M. P. *How the country's banking facilities are distributed*. Moody's Mag., Sept., 1912. Pp. 5.

Figures showing the geographical distribution of banks and banking resources in the United States and the average population served by a bank in different states and sections of the country.

ESCHWEGE, L. *Bankkrisis*. Die Bank, Sept., 1912. Pp. 13.

The building craze in Germany has reached a crisis, marked by inability to renew loans and increasing suspicion of mortgages. Though of far-reaching importance, people have been blind to its approach. Although every means has been used to conceal their connection, the Berlin banks have encouraged the speculation by free offering of capital and have become seriously involved. The lesson is that such mortgages are not sound banking investments.

FISHER, I. *A stable monetary yardstick*. Independent, Sept. 26, 1912. Pp. 7.

A plea for an international investigation of the high cost of living

with an account of the progress of the movement to secure such investigation; outline of a remedy, involving stabilizing the purchasing power of the dollar by regulating the amount of gold bullion represented by it.

GILSON, A. H. *Savings bank statistics. III. IV.* Bankers' Mag. (London), July, Sept., 1912. Pp. 15, 13.

III. Practical applications of the "reciprocal law" and tests from savings bank statistics. IV. Investigation of the causes of variations in average balances in different institutions. Application of "reciprocal law" to foreign savings banks.

GREEN, C. A. *Banking and currency principles of the United States and foreign countries.* Journ. Am. Bankers' Assoc., Aug., 1912. Pp. 8.

Suggested outline for a post-graduate course of study for the American Institute of Banking, with list of authorities.

HELANDER, S. *Das Zuruckgehen der Bedeutung der Zentralnotenbanken.* Jahrb. f. Nat. Oek., July, 1912. Pp. 25.

HERRICK, M. T. *Banks for the farmer* Moody's Mag., Sept., 1912. Pp. 5.

The relative decline of agricultural production in the United States and the need of better means to enable the farmers to borrow capital for scientific agriculture.

HESS, R. H. *The price fallacy of high costs* Pop. Sci. Mo., May, 1912. Pp. 6.

"An increase in the average of prices may be no proof of change in the average cost of living. . . . Persons identified with one economic class may experience an actual decrease in their cost of living, despite rising prices, while others must carry an increased burden, and, possibly, a third group may be affected not at all."

HESS, R. H. and GODFREY, I. E. R. D. *The European discount system. I, II.* Moody's Mag., Aug., Sept., 1912. Pp. 6, 8.

I. Description of typical examples from the discount markets of France and Germany. II. The process of financing the American grain market. Defects of the American system might be remedied by substituting documentary bills and acceptances for business men's notes, after the European model.

HOBSON, J. A. *Causes of the rise of prices.* Contemp. Rev., Oct., 1912. Pp. 10.

Finds the cause partly in a great increase in the supply of "money," particularly bank credits due to increased forms of wealth available for security and increased opportunities for investment. Another cause is the recent restriction upon the rate of production of goods.

LABORDERE, M. *Documents pour l'histoire des banques en Russie.* Réf. Econ., July 5, 1912.

LANSBURGH, A. *Die Spekulation am Kassamarkt.* Die Bank, June, 1912. Pp. 13.

Discusses a letter of the State Commissioner of Stock Exchanges regarding the recent wild fluctuations in the "spot" or "cash" market

for securities on the Berlin Stock Exchange. The law of 1896 forbade "future" dealings in certain shares, with the hope of lessening fluctuations. The Exchange adopted the New York method of cash payments, which it has continued in spite of the repeal in 1908 of the prohibition of "futures." The commissioner proposes tentatively to supplant the single daily quotations with continuous quotations, as in New York.

LANSBURGH, A. *Privatdiskont und Bankdiskont*. Die Bank, Aug., 1912. Pp. 8.

Points out that the private discount rate of the Berlin money market is regularly considerably lower than the bank rate, the discrepancy being greater than in England or France. Discusses the causes.

LAUGHLIN, J. L. *American banking unsuited to foreign trade*. Exporters' Rev., July, 1912.

LEHFELDT, R. A. *The economic future of gold*. Econ. Journ., Sept., 1912. Pp. 3.

The gold product of the Witwatersrand (Transvaal); its character, regularity, and cost of production.

LESCURE. *Hausses et baisses générales des prix*. Revue d'Econ. Polit., July-Aug. 6, 1912. Pp. 4.

Profits, interest, rent, and wages vary with commodity prices. Periods of high prices are accompanied by active business; low prices, with dull times. The author predicts great industrial development in the newer countries, and especially in China, meaning a continued period of high prices.

MANSFIELD, R. E. *Banking system of Switzerland*. Daily Cons. & Trade Rep., Aug. 6, 1912. Pp. 4.

MLADE, E. S. *Mortgage bank*. Lippincott, Aug., 1912. Pp. 5.

Emphasizes the importance of more investment in American agriculture, and shows the need of a mortgage bank.

VON MISES, L. *Das vierte Privilegium der Österreichisch-Ungarischen Bank*. Zeitschr. f. Volkswirtsch., XXI, 5, 1912. Pp. 14.

The law of Aug. 8, 1911, renewing the bank's charter; its political significance in ending a struggle between Austria and Hungary and tendency to imperial unity. Explains the failure to provide for gold redemption of notes and discusses the provisions for maintaining the par of foreign exchange, the increase of the untaxed contingent of notes not covered by gold from 400 million to 600 million kronen, etc.

NAENDRUP, H. *Die Entwicklung des Geldwesens in den deutschen Kolonien*. III, IV, V. Blätter f. Vergleich. Rechtswis. Volkswirtsch., May, June, July, 1912. Pp. 5, 9, 7.

III. Describes, with much historical detail, the development of the monetary system of German East Africa, with special reference to the legal tender quality of the several kinds of coin and paper currency, and the circulation of foreign coin. IV. Similar account of the monetary system of Kiouchou. (Concludes the series. Previous articles



appeared in Mar. and Apr., 1912; cf. *AMERICAN ECONOMIC REVIEW*, Sept., 1912. P. 758.)

NOGARO, B. *Les banques d'émission et leur évolution contemporaine*. Rev. Econ. Intern., June, 1912. Pp. 20.

NOYES, A. D. *The Aldrich banking and currency reform bill*. Bankers' Mag. (London), July, 1912. Pp. 7.

Impartial criticism of certain features.

PEAKE, E. G. *The application of the statistical method to the banking problem*. I, II. Bankers' Mag. (London), July, Aug., 1912. Pp. 11, 12.

A comparative study of the condition of the banking systems of England, France, and Germany, both the present situation and its historical development, by means of elaborate statistical data, with special reference to the problem of meeting future panics.

RAFALOVICIL, A. *La Banque d'Allemagne*. L'Econ. Franç., June 1, 1912. Pp. 3.

The recent development of the bank's business, discussion of certain modern tendencies, and an account of the business of the year 1911.

RAWLINSON, A. *The gold supply, currency, and the labour unrest*. Eng. Rev., July, 1912.

SHIRLEY, J. C. *The principles and practice of country clearings*. Bankers' Mag., Aug., 1912. Pp. 3.

A plea for a better system of clearing out-of-town checks.

STOCKBRIDGE, F. P. *Postal savings banks*. Worlds Wk., July, 1912. Pp. 4.

Brief popular account of the United States postal savings bank system.

SWANSON, W. W. *Canadian bank inspection*. Queen's Quart., Oct.-Dec., 1912. Pp. 22.

Recent Canadian bank failures. The need for a system of external examination, which Canada has not had thus far. Discusses three plans: government inspection, examination by auditors representing stockholders, and examination by the Canadian Bankers' Association. Favors the last plan.

TAUDIERI, H. *La cherte des vivres et les autorités municipales*. Réf. Sociale, June 16, 1912. Pp. 19.

Because of the high cost of food, the president of the French Council of State has proposed a law to permit municipal bakeries and slaughterhouses. This proposal discussed, theoretically, historically, and legally.

DEL VECCHIO, G. *Relazioni fra entrata e consumo*. Giorn. d. Econ., Feb., 1912. Pp. 33.

An attempt to state the relation of income and classified expenditures in workmen's budgets. The present installment only restates Engel's law and summarizes recent statistical data.

WARSCHAUER, O. *Psychologie des Bank- und Privatdiskonts*. I, II. Blätter f. Vergleich. Rechtswis., June, July, 1912. Pp. 4, 2.

I. Analysis of the factors governing the height of the bank discount rate: *i. e.*, character of the national monetary standard, legal limitations of the amount of note issue, condition of trade and industry, general condition of the money market, organization of the whole monetary system. II. Similar analysis of the factors influencing the private discount rate.

WATKINS, G. P. *The relation between kinds of statistical units and the quality of statistical material.* Quart. Journ. Econ., Aug., 1912.

Touches upon the variability in purchasing power of our monetary unit as a statistical imperfection.

WILLOUGHBY, W. F. *Le régime d'épargne postale des Etats-Unis.* Mus. Soc., Mém., Aug., 1912. Pp. 24.

A full description of the United States postal savings bank system. Calls special attention to the features in which it differs from European systems, such as decentralized organization, separation of its finances from the general budget of the government, and means devised to reduce cost of administration.

WOLFF, H. W. *Small holdings and land banks.* Econ. Rev., Apr., 1912. Pp. 18.

A description of the machinery by which the building up of communities of small agricultural landholders is carried out in Germany, particularly the aid of the Berlin Landbank in financing the enterprises.

YOAKUM, B. F. *High cost of living.* World's Wk., Sept., 1912. Pp. 15.

Discusses insufficient facilities for agricultural credit as a cause of high cost of living in the United States. American farmers pay  $8\frac{1}{2}$  per cent for loans, as compared with 5 per cent or less in Europe. Special attention to Raiffeisen banks of Germany.

ZALDARI, P. G. *The national bank of Greece.* Moody's Mag., Sept., 1912. Pp. 6.

ZALDARI, P. *The popular banks of Europe.* Moody's Mag., July, 1912. Pp. 6.

A general statement of the principles of cooperative banking, with a description of the movement in the various countries of Europe, particularly France.

————— *Agricultural credit for large estates in Roumania.* Bull. Bur. Econ. and Soc. Intelligence, June, 1912. Pp. 19.

————— *Banking in Japan.* Scottish Bankers' Mag., Oct., 1912. Pp. 6.

*Building and loan associations as home development stimulants.* Am. Bldg. Assoc. News, Aug., 1912. Pp. 2.

*The British association at Dundee: a scheme for the establishment of land banks.* Scottish Bankers' Mag., Oct., 1912. Pp. 2.

**System to be self-supporting and free from state control.**

————— *Chilian currency reform.* Bankers' Mag. (London), July, 1912.

P. 1.

**Statement of main provisions of law of May, 1912.**

————— *The establishment of the cadastre and the organization of the land and mortgage registers in Denmark.* Bull. Bur. Econ. and Soc. Intelligence, June, 1912. Pp. 31.

History and description of present system. Detailed and technical.

— *Gold production and the quantitative theory.* 1. The Statist, May 25, 1912.

————— *Investigation of banks and trust companies.* Journ. Am. Bankers' Assoc., June, 1912. Pp. 8.

An opinion by the general council of the American Bankers' Association, holding that the House of Representatives has no power to compel answers from national banks to the questions sent out by its Committee on Banking and Currency, and that in the case of state banks there is grave doubt of the authority of the House of Representatives to compel answers which would disclose the private affairs of the banks or their customers.

————— *The land credit institute of France in the year 1911.* Bull. Bur. Econ. and Soc. Intelligence, Aug., 1912. Pp. 6.

Abstract of the Institute's report on its operations in 1911.

*Law reforming the organization of the national mortgage bank of Argentina.* Bull. Bur. Econ. and Soc. Intelligence, Aug., 1912. Pp. 16.

Historical introduction and full text of the law of Sept. 1, 1911.

*Life insurance as a means of promoting dismortgaging and acquisition of land.* Bull. Bur. Econ. and Soc. Intelligence, Aug., 1912. Pp. 16.

History of a movement to aid in the payment of farm mortgages and the purchase of land by combining land security with a life insurance policy sufficient to pay the loan in case of the borrower's death. Refers especially to the Provincial Life Insurance Institutes in Prussia.

————— *Partners in banks.* Bankers' Mag. (London), Aug., 1912. Pp. 14.

Shows that the number of shareholders in the banks of Great Britain and Ireland has increased much more rapidly than the amount of capital, meaning a smaller average holding per shareholder. Elaborate statistical tables, figures being for 1902, 1907, and 1912. Same tendency is indicated by the Bank of France, the Imperial Bank of Germany, and the Bank of Belgium.

————— *Post office savings bank.* Accountant, Aug. 3, 1912. Pp. 3.

Challenges a recent statement to the effect that the British Postal Savings Bank has profited by the decline in consols. Asserts that the department has long been run at a loss.

————— *Les discussions de la Société d'Economie Politique de Paris.* I'Econ. Franç., July 27, 1912. Pp. 3.

A discussion of the high prices of agricultural products, in particular the responsibility of the tariff for high prices, and the fallacy of laying the blame upon the speculators.

——— *Die Entwicklung des Preisniveaus und des Getreidebedarfs in England und Deutschland in den letzten Decennien.* Jahrb. f. Nat. Oek., May, 1912.

*Stellung und Aufgaben des Privatbankiers im heutigen Wirtschaftsleben.* Die Bank, Sept., 1912. Pp. 5.

Points out the decline of the German private bankers, through the invasion of their field by the great banks. Urges that the private bankers have a function, in directing the investments of small investors, which the great banks are unable to perform. Predicts evil results, and particularly disaster in time of crisis, if the proper division of labor is not maintained.

### Public Finance

(Abstracts by C. C. Williamson)

ANGELL, N. *La grande illusion: guerre de terre guerre d'oggi.* Riv. Soc., Apr., 1912. Pp. 25.

The sentimental argument against war is of no avail, but the economic relations of modern nations (especially as to credit) have become so close that civilized countries will fight each other no more.

ANTONY, A. *Le budget l'Alsace-Lorraine, III.* Rev. Sci. Pol., July-Aug., 1912. Pp. 19.

Brief description of each tax or other source of revenue, with some discussion of budgetary methods. Tables show that out of a total ordinary expenditure of 67 millions nearly 15 millions represent the cost of collecting taxes.

BECKER. *Die Neugestaltung des Gemeindeumlagewesens in Hessen.* Finanz-Archiv, XIX, 2, 1912. Pp. 36.

BERTAL, J. *L'impôt sur le revenu et les valeurs mobilières.* Rev. Econ., July 12, 1912. Pp. 2.

BERTHOLD, W. *Das Anleihewesen der Gemeinden in Sachsen.* Annalen des Deutschen Reichs, No. 1, 1912. Pp. 14.

BIGWOOD, G. *Le budget belge et les principes de la science des finances.* Rev. l'Univ. Bruxelles, July, 1912. Pp. 18.

BROCK, F. H. *Till fragan om konsumtionsforeningarnas beskattning.* Ek. Tids., No. 2, 1912. Pp. 6.

Examines some arguments in favor of exempting consumers' societies from taxation; does not attach great importance to these organizations. CHAPMAN, S. J. *The incidence of some land taxes.* Econ. Journ., Sept., 1912. Pp. 4.

A brief theoretical note consisting of a criticism and an elucidation of a statement made by Mill.

CLEMENT, H. *Le municipalisme, ses causes, son extension, ses conséquences.* Réf. Soc., Aug., 1912. Pp. 19.

Municipalism is defined as the practice rather than the doctrine of

state socialism or municipal ownership of public utilities, the chief cause of the movement being the desire on the part of taxpayers to substitute industrial profits for direct taxes. Experience, however, shows that heavy deficits caused by public mismanagement have to be made good by taxation. Failures of municipal undertakings are often caused, among other things, by a popular demand for lower prices and higher wages. The author seems to have been misled in regard to some of his facts. He states, for example, that in 1906 there were in the United States 195 municipal street railway systems, as against 184 privately owned.

COLLINS, G. P. *The trading departments of the state.* Contemp. Rev., Oct., 1912.

COLLINS, A. *Rating reform (with special reference to a wider basis for local rates).* Accountant, July 27, Aug. 3, 1912. Pp. 13.

A review of the numerous objections that have long been made to the English methods of local taxation and the reforms proposed. Taxation should endeavor to effect a fair balance between ability to pay and benefit received. Recommends the extension of the fee principle by giving local authorities power to charge for particular services rendered.

COURCELLE-SENUIL, J. L. *Le travail ancien et moderne. Ses résultats; le chiffre de la population et les impôts.* Rev. Econ. de Bordeaux, Sept.-Oct., 1912. Pp. 13.

Labor legislation, on the one hand, and heavy taxation caused by the increasing functions of government on the other, together constitute an economic burden so great as to seriously reduce the number of people that can make a living in France.

CREANGA, G. D. *Die Finanzen Rumaniens und die Ergebnisse der neuen Finanzpolitik der Ueberschusse.* Finanz-Archiv, XIX, 1, 1912.

D. D. *Jordskatterna i Australien.* Ek. Tids. No. 2, 1912. Pp. 5.

A discussion of the Australian single tax under the law of November, 1910.

EINAUDI, I., E. "SPECTATOR." *Per la peregrinazione catastale, come la grande impresa rien fatta degenerare innanziche sia finita.* Rif. Soc., July-Sept., 1912.

In the Ligurian province of Porto Maurizio political corruption has forestalled the success of elaborate operations to equalize the land tax burden.

ESCHWEGE, L. *Terrainkrisis und Wertzuwachssteuer.* Die Bank, July, 1912. Pp. 7.

Discusses the effect of the imperial increment tax on the real estate business of Berlin. It appears that many unsound speculative ventures have been forced to the wall.

FAICK, E. *L'évasion fiscale.* Rev. Pol. et Parl., May, 1912. Pp. 22.

G. R. S. *Chinese finance and foreign supervision.* Journ. Am. Asiatic Assoc., Sept., 1912. Pp. 2.

GEISSER, A. *Le obbligazioni industriali in Germania.* Rif. Soc., Mar., 1912. Pp. 15.

One reason why industrial bonds are quickly absorbed in Germany is because public bonds have not been issued to a great amount.

GEISSER, A. *Della tassa-domestica e di alcuni minori tributi locali.* Rif. Soc., July-Sept., 1912.

A history (since 1852) of the Italian tax on domestic servants and an analysis of its operation; a study also of certain similar taxes, chiefly the tax on automobiles.

GERLING, C. *Grundzuge fur die Einfuhrung der allgemeinen Theorien uber die Bildung und Verwaltung Kommunalen Fonds in die Praxis.* Finanz-Archiv, XIX, 2, 1912. Pp. 7.

GHIDIGLIA, C. *Unità di gestione ed unità di controllo nell'azienda dello Stato.* Giorn. d. Econ., July, 1912. Pp. 27.

GRIZIOTTI, B. *L'incidenza e la traslazione delle imposte sulle rendite.* Giorn. d. Econ., Feb., 1912. Pp. 29.

The shifting of a tax on rent is a normal phenomenon, contrary to usual statement. Weyermann comes to the same conclusion, but by a different path.

GROSCH, G. *Die Einfuhrung von Schiffsabgaben im Deutschen Reiche.* Jahrb. f. Gesetzg., No. 3, 1912. Pp. 41.

GUYOT, Y. *Menaces budgétaires et fiscales.* Journ. des Econ., June, 1912. Pp. 7.

M. Guyot, as usual, mercilessly flays the financial administration and the legislators for doing nothing to reduce budgets but instead actually considering an income tax to meet expenditures.

HASELBERGER, J. *Der öffentliche Gesamthaushalt Bayerns.* Finanz-Archiv, XIX, 2, 1912. Pp. 34.

HEYDECKER, E. L. *Municipal finances and taxation.* Nat. Munic. Rev., Oct., 1912. Pp. 9.

The assistant tax commissioner of New York believes that local taxation of personal property should be abolished and that real estate, especially site values, should be reserved exclusively for municipal taxation. The use of accurate, scientific methods in the assessment of real estate is imperative.

HOLE, M. J. *Municipal finance reports.* Nat. Munic. Rev., Oct., 1912. Pp. 4.

A review of progress, as well as the inherent difficulties, in the way of securing comparable data in order to determine to what extent public funds have been wisely expended and to make of department reports a measure of efficiency.

HOWARD, H. E. *Some aspects of the demand for the rating of site values.* Accountant, Aug. 10, 17, 24, 1912. Pp. 8, 7, 5.

Considers the rating of site values under English law; discusses especially the incidence of local rates, the effect of the Finance act (1909-1910) upon the rating of site values, and the most recent proposals for the taxation and rating of land.

JEZE, G. *L'équilibre des budgets et le compte provisionnel*. Rev. Pol. et Parl., May, 1912.

JEZE, G. *Les pouvoirs financiers des Chambres hautes dans les états particuliers allemands et dans l'Empire allemand*. Rev. Sci. Legis. Finan., Apr.-June, 1912. Pp. 18.

The composition and financial powers of the imperial *Bundesrat* and of the upper chambers of the separate German states are considered separately because the former is not, properly speaking, an upper chamber. The author takes up one by one the most important German states, the majority of which are organized on a distinctly aristocratic basis. Of the *Bundesrat* Professor Jèze says: "In reality, the prerogatives of the *Bundesrat* are those of the Emperor himself; its function is to conceal the person of the Emperor, and, when necessary, to uphold his policy against the resistance of the Reichstag."

KEYNES, J. M. *Reports on Irish finance*. Econ. Journ., Sept., 1912. Pp. 4.

A brief review of three important recent documents touching the difficult fiscal relations of the Home Rule Bill.

KIAER, A. N. *Documents concernant la statistique internationale de la répartition des revenus privés*. Bull. l'Inst. Intern. Statist., XIX, 2. Pp. 96.

Gives bibliographical or other data in regard to income taxes in some 37 countries.

LANDMANN, J. *Zur Entwicklungsgeschichte der Formen und der Organisation des öffentlichen Kredites*. Finanz-Archiv, XIX, 1, 1912. Pp. 69.

A scholarly research into the origins of public credit.

LANSEBURGH, A. *Geeignete und ungeeignete Mittel zur Hebung des Kurses der Staatspapiere*. Die Bank, Sept., 1912. Pp. 13.

Discusses the fall in market value of government loans, in England, France, Germany, and Austria. Finds the cause in the fact that government loans have lost their monopoly position or met with new competitors in the investment market. Discusses proposed remedies. Concludes that the government should neither refund old loans nor issue new ones at a higher rate of interest, nor change from perpetual to terminable loans, but tide over unfavorable times by temporary short-term notes.

LERIS, P. *Les dettes comparées des villes de France*. Journ. des Econ., July, 1912. Pp. 17.

An interesting comparative study of municipal debts in France, based on the annual statistical publication, *Situation financière des communes*, and on information furnished the author by city officials. Paris has a debt almost double that of all other cities and towns of France. The study shows that a city's budget and also its debt grows

in something like a geometrical ratio to population, for the larger the population the more expensive are all its functions. Still the credit of the larger cities is better than that of the smaller.

LEROY-BEAULIEU, P. *Les impôts d'enregistrement et de timbre et les droits sur les valeurs mobilières*. L'Econ. Franç., July 13, 20, 1912. Pp. 5.

LEROY-BEAULIEU, P. *La nouvelle élaboration de l'impôt sur le revenu*. L'Econ. Franç., June 15, 1912. Pp. 3.

Criticizes severely the income tax scheme elaborated by the senate commission.

LEROY-BEAULIEU, P. *Des quelques économies budgétaires faciles à réaliser*. L'Econ. Franç., June 8, 1912.

LOWENFELD, W. *Zur Frage der Reform der direkten Steuern in Österreich*. Finanz-Archiv, XIX, 2, 1912. Pp. 25.

McKAY, J. M. *Taxation under the proposed constitutional amendment*. Am. Bldg. Assoc. News, Sept., 1912. Pp. 4.

A general review of the amendments to the constitution of Ohio adopted September 3. As an opponent of the federal income tax, the author indicates the ratification of the amendment of defining the power of the Ohio legislature to levy an income tax.

MATHEWS, J. M. *Tax administration in New Jersey*. Journ. Pol. Econ., July, 1912. Pp. 22.

MERTENS. *Die wirtschaftliche Lage Russlands an der Hand des Entwurfes zum Reichsbudget 1912*. Archiv f. Eisenbahnw., July-Aug., 1912. Pp. 19.

MEYER, R. *Die drei Gesetze vom 28. Dezember 1911, betreffend die Steuerbegünstigungen für Neubauten usw. für gemeinnützige Bauvereinigungen und die staatliche Forderung der Wohnungsfürsorge*. Zeitschr. f. Volkswirtschaft., XXI, 3, 1912. Pp. 45.

MIMIN, P. *Le municipalisme devant le Conseil d'Etat*. Réf. Soc., Aug., 1912. Pp. 15.

The Conseil d'Etat has always decided the questions coming before it on the principle that a municipality should exercise no industrial functions at all. On all forms of municipal socialism it wages relentless war. The numerous municipal enterprises which do exist do so either because no suit has been brought before the Conseil d'Etat questioning their legality, or because of special legislative sanction.

MURRAY, R. A. *I problemi fondamentali dell' economia finanziaria (contributo alla teoria dell' equilibrio finanziario)*. Giorn. d. Econ., Mar., 1912.

A pure science of finance is needed; errors hitherto have come largely through reliance on empirical methods. The implications of a pure science are analyzed in the present article.

NEWTON-ROBINSON, C. *The blight of the land taxes: why they must be repealed*. Nineteenth Cent., July, 1912. Pp. 14.



NEYMARCK, A. *La statistique internationale des valeurs mobilières*. Bull. l'Inst. Intern. Statist., XIX, 2, 1912. Pp. 269.

OUTHWAITE, R. I. *Taxation of land values in the dominions*. Land Values, Sept., 1912. Pp. 2.

New Zealand, New South Wales, Queensland, Western Australia, Tasmania, Victoria, the Australian Commonwealth and three Canadian cities have had experience, more or less extended, with the land values tax, usually for local purposes only and always, according to the author, with beneficial results.

DE PERIGNY. *Les dettes des Républiques centre américaines*. Rev. Fin. Univ., July, 1912.

PERIN, R. *Die Wertzurachsteuer von Liegenschaften in Oesterreich*. Finanz-Archiv, XIX, 2, 1912. Pp. 18.

PFITZNER. *Die Bedeutung des Besitzes an ländlichen Liegenschaften für die Gemeindefinanzen*. Annalen des Deutschen Reichs, No. 3, 1912. Pp. 11.

PIC, P. *Les grandes régies d'état*. Rev. d'Econ. Polit., July-Aug., 1912. Pp. 30.

Four kinds of state monopolies are recognized: (1) Monopolies in the interest of general welfare and public policy, as money, post office, telephone, telegraph. (2) Fiscal monopolies, such as match and playing card monopolies. (3) Mixed monopolies, illustrated by the alcohol and proposed monopolies of petroleum and insurance. (4) Monopolies resulting from the nature of the industry, e.g., mines, wharves, etc.

RENAULD, V. *L'impôt sur le plus-value immobilière en Allemagne et en Angleterre*. Rev. l'Inst. de Droit Comparé, 1912. Pp. 7.

Compares the English act of April 29, 1911, with the German law of February 14, 1911.

SAVARY, H. R. *L'alcool et les nécessités budgétaires*. Rev. de Paris, Apr. 1, 1912.

SCHELLE, G. *Le municipalisme et les finances communales*. Réf. Soc., Aug., 1912. Pp. 14.

The municipal ownership movement harbors serious dangers for municipal finances, or perhaps one should say that mismanaged finances will cause an aroused taxpaying public to rise up and overthrow all municipal enterprise. For one reason or another few municipally owned public utilities in European cities succeed in meeting expenses and deficits consequently become a serious problem in the municipal finances.

SCHNEIDER. *Verbindung von Einkommensteuer und Vermögensteuer mit Berücksichtigung der Steuerreformfrage in Württemberg*. Finanz-Archiv, XIX, 1, 1912. Pp. 42.

SCHOENBECK, O. *Die Einkommensteuer unter den Nachfolgern Steins; ein Beitrag zur Geschichte des Ministeriums Altenstein-Doha*. Forschungen zur Brandenburgischen und Preussischen Geschichte, 25, 1912. Pp. 61.

SCHWARZ, O. *Die Finanzen der Europäischen und die wichtigeren aussereuropäischen Staaten.* Finanz-Archiv, XIX, 2, 1912.

SEGNER, F. *Bibliographie der finanzwissenschaftlichen Literatur für das Jahr 1911 (mit Ausschluss des Zollwesens).* Finanz-Archiv, XIX, 2, 1912.

SELIGMAN, F. R. A. *Recent tax reforms abroad. I.* Pol. Sci. Quart., Sept., 1912. Pp. 15.

The first of a series of articles in which is to be considered the significance of tax reforms effected in the years 1909 and 1910 in Great Britain, Germany, and Australia. The present article is devoted to Great Britain.

SODORISKY, G. *Russisches Gesetz vom 6. Juni 1910 über die staatliche Besteuerung der Immobilien in den Städten, Vororten und Flecken Russlands mit Ausschluss der Vororte und Flecken den Königreiches Polen.* Finanz-Archiv, XIX, 1, 1912. Pp. 21.

STAMP, J. C. *Ueber die Reform der Grundsteuern in Grossbritannien und Irland.* Jahrb. f. Nat. Oek., July, 1912. Pp. 10.

STRUTZ, G. *Die Steuervorlage und die schwächeren Steuerkräfte.* Ann. f. Soz. Pol. u. Gesetzgebung, I, 6, 1912. Pp. 23.

VON SUKLJE, F. *Verzehrssteuer und Landerfinanzen.* Zeitschr. f. Volkswirtsch., XXI, 5, 1912. Pp. 26.

TAUDIERE, H. *Le monopole des Pompes funèbres et sa municipalisation.* Réf. Soc., Sept. 16, 1912. Pp. 24.

An exhaustive study of a public enterprise in a rather unusual line, though one in which France has had a long experience.

TETZLAFF, O. *Die Steuern und Schulden der preussischen Städte und grösseren Landgemeinden im Rechnungsjahre 1910 und die von ihnen im Rechnungsjahre 1911 erhobenen zuschläge zu den staatlicheranlagten direkten Steuern.* Königlich preussische statistische Landesamt Zeitschrift, 52, 1912.

TRAP, C. *Lovforslaget om Statens Indkomst og Formueskat.* Nat. øk. Tids., Jan.-Feb., 1912. Pp. 29.

A lecture given December 14, 1911 supporting in the main proposed changes in the income and property tax law in Denmark, his main criticism of the measure being that its provision might not secure an equitable assessment.

VOGEL, E. H. *Die rechtliche Natur der Finanzobligation im österreichischen Abgabenrechte.* Finanz-Archiv, XIX, 2, 1912. Pp. 92.

VOGEL, E. H. *Stellung und Aufgabe der Verkehrssteuern der Finanzwissenschaft.* Zeitschr. f. d. ges. Staatsw., 68, 1912.

WASSERMAN, L. and R. *Die wirtschaftlichen und finanzpolitischen Leitmotive des deutschen Reichsgesetzes, besonders Beseitigung des Branntweinkontingents, vom 14. Juni 1912.* Finanz-Archiv, XIX, 2, 1912. Pp. 16.

WEDGWOOD, J. C. *The principles of land value taxation.* Econ. Journ., Sept., 1912. Pp. 10.

A reply to an article by Bickerdike in the *March Journal*. Author advocates a single tax on land values as a means of destroying the valuable privilege which the present rating system bestows upon the land owner by checking competition in the production of buildings.

VON ZIEGLER, E. *Entwicklung der Hauptgrundsätze der bayerischen Gesetzgebung über die Gemeindeumlagen insbesondere die Berücksichtigung der Interessentheorie*. *Annalen des deutschen Reichs*, 6, 1912. Pp. 16.

————— *Excise tax before the United States Congress*. *Am. Bldg. Assoc. News*, Aug., 1912. Pp. 6.

A summary of efforts made to have building and loan associations expressly exempted from the operation of the excise income tax bill.

————— *The home rule bill: I. Political; II. Financial*. *Quart. Rev.*, July, 1912. Pp. 34.

A thorough review of the financial provisions of the Home Rule Bill which "violates a fundamental principle of sound finance in separating the responsibility for the raising of revenue from the responsibility for its expenditure."

————— *Increased taxation on successions*. *Bankers' Mag.* (London), Oct., 1912.

An unimportant editorial protest against the British inheritance tax, on the old ground that it is a tax on capital, and because it is possible for the same estate to be taxed both in England and in some British colony or foreign country.

————— *L'impôt sur les marchés de marchandises à livrer ou à terme d'après la loi du février 1912*. *Rev. Econ. Bordeaux*, Mar.-Apr., 1912. Pp. 2.

————— *L'impôt sur les vélocipèdes en 1911*. *L'Econ. Franç.*, Aug. 17, 1912. P. 1.

————— *Les produits de l'enregistrement, des domaines et du timbre constatés et recouvrés, en France, pendant l'exercice 1910*. *Bull. Statist. Légis. Comp.*, 71, 1912. Pp. 47.

————— *Grundzüge der Steuerreform von 1911 in Reuss a. L.* *Finanz-Archiv*, XIX, 2, 1912. Pp. 10.

### Tariffs and Reciprocity

(Abstracts by Henry R. Mussey)

BARKER, J. E. *Will a tariff harm Lancashire? A lesson from America*. *Nineteenth Cent.*, Aug., 1912. Pp. 19.

The American cotton industry is more efficient than the British. The Japanese industry with its low paid labor has displaced British cottons in that country, is doing so in China, and will soon seize India, unless prevented. Only the adoption of American methods, combined with tariff reform and imperial preference, can save the industry of Lancashire.

CANCIO, L. *El "modus vivendi" con Espana.* Rev. Bimest. Cubana, Jan.-Feb., 1912. Pp. 85.

An elaborate discussion of the commercial position of Cuban products, with reference to tariff arrangements.

COUZINET, L. *Le régime des sucres.* Rev. Sci. Legis. Finan., Apr.-June, 1912. Pp. 11.

A description of the negotiations attending the extension of the provisions of the Brussels convention for a further period of five years from March 1913, the main feature being the enlargement of Russia's export contingent, in view of the existing shortage and high prices.

EINAUDI, L. *I fasti italiani degli aspiranti trivellatori della Tripolitana.* Rif. Soc., Mar., 1912. Pp. 34.

Urges that the demand of the Italian steel interests for the same tariff protection in Tripoli as is now enjoyed in Italy be not granted.

GONNARD, RENE. *La politique douanière des Etats des Balkans.* Rev. Econ. Intern., July, 1912. Pp. 36.

An account of the way in which Servia, Bulgaria, and Roumania, all agricultural states, apparently finding their best interest in free trade, have adopted a policy of high protection in imitation of their larger neighbors. Under political and economic pressure, they have shaped their commercial treaties so as to become largely dependent commercially on Austria, Russia, and Germany respectively. A study of pan-germanistic economic policy.

HAMLIN, C. C. *The sugar tariff and railroad securities.* Moody's Mag., Aug., 1912.

Argues that the beet sugar industry will greatly increase production of all cereal crops, adding probably billions of dollars yearly to the freight to be carried by the railroads. Therefore railroad investors should favor the duties on beet sugar.

JONSON, A. *Protection as a panacea for labour unrest.* Contemp. Rev., Oct., 1912. Pp. 8.

A marvelous account of the wretchedness of the American workingman caused by high prices due to protection. The chains are kept riveted solid by the Tariff League, which, by expending £8,000 per annum, learns the tariff views of every politician, every editor, "every waverer and every graduate leaving the universities each year."

KREZKAM. *Die internationale Zuckerkonvention.* Jahrb. f. Nat. Oek., May, 1912.

LAUCK, W. J. *A real myth.* Atlantic, Sept., 1912. Pp. 5.

Protection plus free immigration has caused low grade immigrant laborers to displace American laborers in the factory industries we have developed. Because of improved machinery, inexperienced labor, can be used. As a consequence trade-unions have broken down, the bargaining power of skilled labor has been destroyed and neither American nor immigrant labor has benefited by our tariff laws.

LAWRENCE, J. *Unionism and food duties.* Nat. Rev., July, 1912.

An exhortation to British unionists to uphold tariff reform and to attack the idea that it means the dear loaf.

MACARA, C. *The cotton industry and free trade.* Eng. Rev., Sept., 1912. Pp. 14.

An argument against tariff reform, containing several acute criticisms of the tariff reformers' use of figures in reference to cotton manufacture.

O'FARRELL, H. H. *The possibility of certain gains from protective duties.* Quart. Journ. Econ., Aug., 1912. Pp. 5.

A keen theoretical criticism of the argument of Professor Taussig in book IV, chap. XXXVII, sec. 1, of his *Principles of Economics*, that a protective duty, by improving the terms of international exchange, may bring some gain to the protected country.

PIERSON, J. *Les pêcheries néerlandaises et la liberté commerciale.* Journ. des Econ., Aug., 1912.

An historical sketch of the Dutch herring fishery, showing its depression under protective monopoly and its prosperity under free competition.

ROBERTSON-SCOTT, J. W. *The other free traders.* Contemp. Rev., July, 1912. Pp. 12.

Though Holland is thoroughly prosperous and her economic interests demand free trade, it is possible that the moderate protective measure proposed by the government may be adopted as a result of the need for increased revenue, together with a curious combination of religious political parties. The adoption of tariff reform by England would be a serious blow to free trade in Holland.

ROBINSON, A. G. *Need of a tariff board, or commission.* Rev. Rev., July, 1912.

A tariff commission is needed to give the public official information concerning the actual relations of the tariff to industry and prices. The tariff board was started on the wrong track in trying to get comparative costs of production.

SMITH, F. E. *Tariff reform.* Fortn. Rev., Aug., 1912.

An able argument from the point of view of a British tariff reformer in behalf of protection for Great Britain. The argument is maintained on familiar economic and political grounds.

WICKSELL K. *Tullar och arbetslöner.* Ek. Tids., No. 1, 1912. Pp. 5.

Contends that it has not been proved that protective tariff increases the money income of the laborers and that it is practically certain that any possible increase would not compensate for higher prices.

——— *Canada and the West Indies.* Monthly Notes on Tariff Reform, Sept., 1912. Pp. 3.

A brief summary of the memorandum of the Tariff Commission on the preferential arrangements proposed between Canada and the West Indies.

————— *Debate on the sugar convention. Monthly Notes on Tariff Reform, Sept., 1912. Pp. 6.*

Extracts from the preliminary discussion of the Sugar Convention.

— *The sugar convention. Monthly Notes on Tariff Reform, Sept., 1912. Pp. 8.*

The tariff reform argument to the effect that the Brussels Convention has been benefited by British sugar refining without increasing the price of sugar.

————— *The Underwood-La Follette bill. Bull. Nat. Assoc. Wool Mfgs., Sept., 1912. Pp. 28.*

A narrative account of the discussion on the wool and woolens tariff during July and August last, giving the text of the Cummins substitute for the Underwood bill, the Finance Committee substitute and the La Follette bill.

————— *Views of the American Cotton Manufacturers' Association. Protectionist, July, 1912. Pp. 2.*

A report of the association's tariff committee. Objects to the cost of production dogma, criticizes the board's cost comparison as neglecting several items favorable to the foreigner, such as the cost of building mill villages in the South, differences in interest rates, the preference for mule-spun yarns, differences in size of mills and in selling expense, and differences in banking facilities.

## Insurance and Pensions

(Abstracts by William F. Gephart)

ADDISON, C. *The controversy over medical benefit under the national insurance act. Contemp. Rev., Oct., 1912.*

The British Medical Association objected to being placed under the control of a lay committee but the writer holds that the act does not provide for control. On this point there is much discussion.

BAMENT, W. N. *Insurance forms. Ins. Soc. of N. Y., Feb., 1912.*

Value of simplicity and directness.

VOM BAUER, E. E. *How Germany deals with workmen's injuries. Pol. Sci. Quart., Sept., 1912. Pp. 18.*

Describes the activities of the German employers' associations.

BELLOM, M. *L'assurance des employés des entreprises privées en Allemagne. L'Econ. Franç., July 6, 1912.*

BELLOM, M. *La loi anglaise d'assurance sociale en 1911. Journ. des Econ., July, 1912.*

BORGATTA, G. *Pericoli ed ensidie d'un monopolio-incendi di stato. Rif. Soc., May, 1912. Pp. 20.*

Since the adoption of a state monopoly of life insurance in Italy, voices are heard asking for a similar monopoly of fire insurance. The probable dangers of such a scheme, as partly revealed in certain foreign experiences, are forbidding.

BROWN, H. D. *Savings and annuity plan proposed for retirement of super-annuated civil service employees.* Gov. Account., June, July, 1912. Pp. 4, 15.

Explains the mathematical or actuarial basis of the plan; a life annuity at three quarters salary at time of retirement (70 years) is the central idea.

BOYD, J. H. *The economic and legal basis of compulsory industrial insurance for workmen. II.* Mich. Law Rev., Apr., 1912.

Discusses, especially from the constitutional side, the effect and legal validity of the Ohio industrial insurance act of 1911.

CHASE, B. F. *Operations of British national insurance act.* Daily Cons. & Trade Rep., Sept. 28, 1912.

The new law has caused an increase in the membership of friendly societies and trade-unions in Dundee. Few who are not compelled to come under the law have applied for benefits, but there have been many applications for the exemptions allowed in case of private income being sufficient.

COX, R. L. *Life Insurance legislation of 1911.* Am. Pol. Sci. Rev., Aug., 1912.

The year 1911 was not particularly noted for new laws, but there are already over 4,500 statutes in the much regulated business of life insurance. Of the 1,650 bills introduced, 160 became laws. The most noted laws are those regulating the sale of stock of new companies, and the Wisconsin law providing for the sale of life insurance policies by the state.

DANIELS, N. H., JR. *Workmen's compensation in Massachusetts.* Stone & Webster Pub. Serv. Journ., Aug., 1912.

DAWSON, W. H. *Social insurance in England and Germany.* Fortn. Rev., Aug., 1912.

The English act will give an impetus to the provident societies now in existence.

DELACHENAL, J. *Le projet de loi sur la réassurance des mutuelles agricoles.* Mouv. Social, July, 1912.

It has been proposed to centralize the mutual funds under the supervision of the state, and this article attempts to show why this should not be done.

DELCOURT, R. *L'assurance contre les accidents du travail en Allemagne.* Réf. Sociale, June 16, 1912.

Defects of German Law are (1) It places upon the state the danger of destroying certain industries; (2) It is a system of improvidence.

DRYDEN, J. F. *Industrial insurance past and present.* Am. Exchange & Rev., Nov., 1911.

FORBES, T. H. *The underinsured.* Life Ins. Independent, July, 1912.

Many holders of insurance are either on account of ignorance or carelessness underinsured. Tables are supplied showing amount of

insurance necessary to carry at each age in order to guarantee \$1000 insurance to beneficiaries. However, earning and saving capacities set the real limit for the amount of insurance.

FRY, G. H. *National insurance act, 1911*. Accountant, Aug. 24, 31; Sept. 7, 1912. Pp. 6, 11, 7.

GEYER. *Versicherung zum Kunstwert und zum Liebhaberwert*. Versicherungs-Wissenschaft, July, 1912.

Discusses the justice of legal restrictions and court decisions on the subject of overinsuring property and concludes that market value being a fluctuating thing, subjective valuation may be made, unless in case of loss of property it is shown that the owner has not used insurance as a source of profit in the ordinary meaning of the term.

GOROWITZ, F. *Die Arbeiterversicherung in Russland*. Soziale Praxis, July 25, Aug. 1, 1912.

The new workman's insurance law placed in force after 8 years of elaboration, though a great advance does not make adequate provision for invalids; protection is limited to certain industries including chiefly mines, private railways and the large power factories.

GOUGH, G. W. *The economics of the insurance act*. Eng. Rev., July, 1912.

GOUGH, G. W. *State insurance in Great Britain*. Chambers' Journ., July, 1912.

HOYER, A. *Social Mittelstandpolitik*. Nat. ok. Tids., Jan-Feb., 1912. Pp. 25.

An adverse criticism of German and Austrian "social insurance."

HUTTON, M. S. *Workmen's compensation in Europe and America*. Engg. Mag., July, 1912.

JEZL, G. *Le monopole public des assurance sur la vie en Italie*. Rev. Sci. Legis. Finan., July-Sept., 1912.

By the law of April 4, 1912, Italy made a state monopoly of the business of life insurance and this excellent article reviews the reasons for and against the act. The chief arguments for a state monopoly of insurance are: (1) It is a service of general value to the state. (2) The monopolization gives a unified organization. (3) The administration is relatively simple. (4) It makes possible the extension to risks now excluded from insurance. (5) The state can better prevent incendiarism. (6) Insurance naturally tends to be a monopoly. (7) The difficult problem of incidence and shifting of a tax on insurance disappears. Some of the objections to a state monopoly are: (1) It takes the state far away from its normal exercise of the police power. (2) All public ownership of a private business is evil. (3) There is danger of debasement of the business by politicians. (4) The financial burden on the state may be very great.

JOSEF. *Schutz durch mittelbare Versicherung*. Versicherungs-Wissenschaft, July, 1912.

The writer takes a concrete case of double insurance, the insurance of



an automobile by its owner and by the owner of the garage in which it is kept. The insurance code and courts hold that the facts as to carelessness of parties concerned determine the right of parties to collect the insurance or to enforce claims against each other with the specific limitation that the insurance company can be forced only to indemnify one party for the loss. The whole question of double insurance receives an excellent discussion.

KONIGER, E. H. *The mortality of the workmen's sick and death benefit fund of America*. Quart. Pubs. Am. Stat. Assoc., Sept., 1912.

This society has been in existence 27 years and the data are typical of the mortality of insured workmen in the United States. The careful investigation shows among other interesting facts the following: (1) The mortality of men has been higher than of women except in the age period 23-33. (2) The mortality rate is somewhat lower than that of the Industrial Insurance Mortality Table but higher than those of the New Fraternal Congress Table and the Royal Arcanum Table. (3) 21.2 per cent of the deaths was due to suicide and is twice as high as the suicide rate of regular insurance companies.

LAUER, F. *Arbeitslosigkeit und ihre Bekämpfung*. Soziale Praxis, Aug., 1912.

A summary of the results of the operation of Breisgau's unemployment insurance, which is maintained by the city. The writer holds many are excluded who need it most for it does not apply to those not organized in cooperative relief societies. The plan is inferior to that in some other German states, and in France.

LOCH, C. S. *The national insurance act, 1911*. Char. Organ. Rev., June, 1912.

A very general discussion of provisions and terms.

LUCAS, J. JR. *Forms, from a broker's standpoint*. Ins. Soc. of N. Y., Feb., 1912.

Discusses the influence of the broker in determining and explaining policy forms and judicial interpretation of insurance forms.

MORTARA, G. *Il monopolio delle assicurazioni e la mortalità italiana*. Giorn. degli Econ., Apr.-May, 1912. Pp. 4.

NABHOLZ. *Die Bestimmung der Tarifprämie in der privaten Lebens-Versicherung*. Zeitschr. f. d. ges. Versicherungs-wiss., July, 1912.

An elaborate discussion of the objects and ends of each kind of premium and the mathematical formulæ for their calculation.

ORDINE, L. *Revisione, transazioni, e procedura per indennizzo d'infortuni sul lavoro*. Riv. Critica, Mar., 1912.

Holds that unemployment insurance should include wide economic zones and if mutual societies are permitted to insure for this purpose they should be compelled to cooperate with the state insurance.

ROCCA, G. *Mortalità degli assicurati sulla vita e mortalità della popolazione generale*. Rif. Soc., June, 1912. Pp. 36.

Contests the support given by Beneduce and Mortara to the actuarial basis of the new state life insurance monopoly in Italy.

SAVOY, E. *La loi Suisse sur l'assurance en cas de maladie et d'accidents. I, II.* Mouv. Soc., Aug., Sept., 1912.

I. Discusses the history of the act, its general provisions and the insurance granted in case of sickness. II. The federal government has provided 7,900,000 francs as the initial fund. The Swiss law compares favorably with the laws of European nations, securing to the workmen the benefit at low cost.

SORLENSEN, A. *Tvangsforsikringen i England.* Nat. ok. Tids., Mar.-Apr., 1912. Pp. 56.

A detailed analysis and sympathetic discussion of compulsory insurance in England. The author has faith in the ability of English society to meet its present crisis.

STANSFIELD, J. H. *National insurance, with special reference to the electrical industry.* Elec. Rev. (London), Apr. 19, 1912.

YOUNG, T. E. *An enquiry into the existence of historical analogies to life assurance.* Journ. Inst. Actuaries, July, 1912.

A critical review of *An Introduction to the History of Life Assurance*, by A. F. Jack.

————— *Comparative statistics of fire loss, American and foreign.* Am. Underwriter, June, 1912.

More than one third of the total loss in the United States is borne by one third of the population. Losses on better protected property have increased proportionally to that on property not so well protected. The per capita loss for cities of 200,000 and over in the United States was \$2.62, and in England 11 out of 12 largest cities had a loss of less than one dollar. The loss in cities of Ireland, Scotland, and France was below \$4 and in Germany, among 8 of the largest cities, loss was about 8 cents per capita. The average per capita loss for England, Ireland, Scotland, France, Germany, Italy, and Russia was 60 cents.

————— *The national insurance act.* Accountant, June 22, 1912.

A criticism of the national insurance law from the accountancy viewpoint. No uniform system of accounting is provided for approved societies, no definition of "low wages," "remuneration"; consequent confusion is predicted by the writer.

————— *The new law on the subject of the National Institute for Assistance to Workmen and Farm Servants.* Bull. Bur. Econ. & Soc. Intelligence, July, 1912.

An account of the recent law in Hungary.

*Reduction of the cost of life insurance.* Life Ins. Independent, June, 1912.

The cost of insurance has decreased during the past 50 years but probably in not the same proportion as commodities.

————— *Report of the committee on welfare of employees.* Elec. Ry. Journ., Oct. 10, 1912.

What has been done in the electrical industry to provide for sickness, accidents, and death of employees.

————— *The Swiss insurance act.* World's Lab. Laws, May, 1912.

————— *Das österreichische Unfall- und Krankenversicherungsgesetz für die Betriebe der Seeschifffahrt und der Seefischerei.* Soziale Praxis, July 11, 1912.

An account of the new law to protect sailors and fishermen which replaces the old law originally an edict issued by Marie-Therese in 1774.

————— *Kommunale Arbeitsversicherung?* Soziale Praxis, May 16, 1912.

Discusses the grounds upon which one should be permitted to appeal a case for accident indemnity after an award has been granted. Compensation should first be sought from employer.

### Population and Migration

(Abstracts by William B. Bailey)

AUFERBACH, E. *Das wahre Geschlechtsverhältnis des Menschen.* Archiv f. Rassen- u. Gesellschaftsbiologie, Jan.-Feb., 1912.

BAINES, J. A. *Census notes. The British empire.* Journ. Royal Statist. Soc., July, 1912. Pp. 6.

Statistics of the population in 1911. In the text special attention is given to the figures for Canada, Australia, and South Africa.

BENINI, R. *La demografia italiana nell'ultimo cinquantennio.* Riv. Intern., May, 1912.

BENOIT-LEVY, G. *L'exode de la ville.* Rev. d'Econ. Polit., May-June, 1912. Pp. 16

The latest statistics of internal migration in several countries, with a study of the reasons for the rural exodus.

VON BOROSINI, V. *European regulation of emigration.* Survey, Sept. 7, 1912. Pp. 3.

VON BOROSINI, V. *Home-going Italians.* Survey, Sept. 28, 1912.

BRYAN, S. *Mexican immigrants in the United States.* Survey, Sept. 7, 1912. Pp. 6.

One of an extremely small number of studies which have been made of Mexican immigration across our border. Most of the immigrants are employed by the railroads and the rate of pay is extremely low among them. They live in quarters in which there is much congestion, and show a decided tendency toward segregation.

CRACKANTHORPE, M. *The friends and foes of eugenics.* Fortn. Rev., Oct., 1912.

The attitude toward eugenics of three different classes of persons: (1) the socialists, (2) the "man in the street," (3) "spiritually minded persons who, conscious of the existence of a Higher Power, trust Him for personal guidance, and are disposed to look askance at Science and all her works."

DESMETS, J. *La dépopulation des campagnes*. Réf. Econ., Aug. 2, 1912.

DUCKWORTH, A. *A study of Australian vital statistics*. Econ. Journ., Sept., 1912. Pp. 14.

An attempt to determine whether the white population of Australia is holding its own and likely to maintain its virility in the future. The answer is favorable.

ESCHWEGE, L. *Kulturdünger*. Die Bank, June, 1912. Pp. 10.

An enumeration of the evils which are likely to come to the mother country from the emigration of large numbers of its adult population.

FAHLBECK, P. *Der Neo-Malthusianismus in seinen Beziehungen zur Rassenbiologie und Rassenhygiene*. Archiv f. Rassen- u. Gesellschaftsbiologie, Jan.-Feb., 1912.

HART, J. R. *Note on mortality on the west coast of Africa*. Journ. Inst. Actuaries, July, 1912. Pp. 11.

In most countries studied there has been a very decided reduction in the rate of mortality during the past few decades.

HODGES, L. *Immigrant life in the ore region of northern Minnesota*. Survey, Sept. 7, 1912. Pp. 6.

A study of the living conditions of the immigrants in the Vermillion and Mesabi regions of Minnesota. Conditions in Mesabi seem to be much worse and vital statistics show contagious diseases extremely prevalent.

LEROY-BEAULIEU, P. *De la nécessité d'une énergique et méthodique action sociale pour arrêter la décroissance de la natalité et prévenir la dépopulation ou la dénationalisation de la France*. L'Econ. Franç., June 5, 1912, Pp. 3.

Another attempt to help solve the problem of denationalization of France. It is argued that the third child in every family is required in France. Efforts must be made to encourage this. Only 10 per cent of the offices of France should be given to men who are not the fathers of three children, and premiums fixed at perhaps 500 francs should be given for the birth of the third child.

LINDSAY, J. *The case for and against eugenics*. Nineteenth Cent., Sept., 1912. Pp. 12.

LIPZKY, A. *Are the Jews a "pure race"?* Pop. Sci. Mo., July, 1912. Pp. 8.

To a large extent a criticism of Dr. Maurice Fishberg's recent book *The Jews*. The author takes the stand that the Jews constitute a distinct race.

MARFILLERO, G. *Il problema sessuale ed il neomalthusianesimo*. Riv. Ital. di Sociol., Mar.-Apr., 1912.

OTH, F. *Induktives und Deduktives zum Bevölkerungsproblem*. Jahrb. f. Nat. Oek., Apr., 1912.

PAGE, T. W. *The distribution of immigrants in the United States before 1870*. Journ. Pol. Econ., July, 1912. Pp. 19.

An interesting article showing the sections of the country chosen for settlement by the different racial groups, the routes of travel, and a general statement of the desirability of the different nationalities.

SALZ, A. *Kritische Betrachtungen zum Streite über das Bevölkerungsproblem*. Archiv f. Socialwis., July, 1912. Pp. 8.

A short contribution on the attempt of society to increase well-being by limiting the size of family.

SEGONZAC, M. DE. *Les populations du Maroc (avec six figures)*. Rev. d'Ethnog. et d. Sociol., Mar.-Apr., 1912.

TREDGOLD, A. F. *The study of eugenics*. Quart. Rev., July, 1912.

VACCA, A. *L'urbanesimo e la piccola proprietà rurale*. Riv. Internazionale, Apr., 1912. Pp. 10.

Migration to urban centers can be checked effectively by assistance to the small properties movement.

WILLCOX, W. F. *Statistics at the fourteenth international congress on hygiene and demography, Berlin, September 23-29, 1907*. Quart. Pubs. Am. Stat. Assoc., Sept., 1912.

WORMS, R. *La sexualité dans les naissances françaises*. Rev. Intern. de Sociol., June, 1912.

————— *Human life—how we waste it*. Am. Underwriter, June, 1912. Pp. 6

A short popular article on the preventable loss of life in this country and an appeal to increase the appropriations of public funds for public health work.

————— *The negro population of American towns*. Char. Organ. Rev., June, 1912.

This article is composed entirely of quotations from the report of the American Board of Trade inquiry (published in 1911) into working-class wages and conditions in the United States.

————— *La dépopulation des campagnes et l'iniquité des droits successoraux*. Réf. Econ., Aug. 16, 1912.

*Tableaux relatifs au mouvement de la population en France en 1911*. L'Econ. Franç., June 22, 1912. Pp. 2.

Tables giving the population, marriages, divorce, births, and deaths in the different departments of France for the year 1911 and also the rate per 10,000 population. In addition is a short analysis of the tables, which adds but little to the value of the article.

————— *Allgemeine sozialpolitik*. Soziale Praxis, July 4, 1912. Pp. 2.

A short article giving the statistics of births in Germany for the past few years and some suggestions which may possibly overcome the recent tendency to a lowering in the rate.

————— *Die Bekämpfung der Tuberkulose im Mittelstande und in der Arbeiterschaft*. Soziale Praxis, July 4, 1912.

## Pauperism and Charities

(Abstracts by Frank D. Watson)

CHANCE, W. *The national conference on the prevention of destitution. III. Unemployment section.* Char. Organ. Rev., Mar., 1912. Pp. 13.

The papers and discussions centered around the questions of labor exchanges, the physical bar to employment, labor colonies, and seasonal and cyclical unemployment, and expressed a wide range of opinions. It is hoped that in the next conference "the individualist note will then be struck more plainly than it was at the one under review".

DUGE DE BERNONVILLE, M. L. *L'assistance publique dans le Royaume Uni et dans l'Empire allemand.* Bull. de la Stat. Gen. de la France, April, 1912.

An analysis of the organisation handling relief, giving the main development of the law on the subject. Followed by a statistical study of those assisted, those receiving indoor relief, those outdoor relief, etc. This method of treatment is used in turn for England and Wales, Scotland, Ireland, German Empire, Bavaria, and other countries.

GLASER, A. *Provision for the poorer classes in Austria I.* Charity Organ. Rev., May, 1912.

The writer is general secretary of the society to suppress vagrancy and begging in Vienna. The subject is divided into three sections: The Care of the Poor; Social Insurance; and Recent Social Political Laws. A brief sketch of the constitutional position of the poor is given, since Austria is divided into fifteen provinces, each of which has a very extensive local autonomy. Then follows a definition of the "poor" and a discussion of the extent to which outdoor relief is given. In the field of private charity, plans for centralization find little response. Under the second caption, "Social Insurance," the author briefly discusses in turn, Insurance Against Accidents, The Law of Insurance Against Sickness, and The Pension Law for Private Officials.

GLASER, A. *Provision for the poorer classes in Austria. II.* Char Organ. Rev. (London), June, 1912.

Describes in detail the bill relating to social insurance now before the Austrian House of Commons after having changed its form four times without being any nearer to becoming law. It deals with the extension of the worker's insurance and adds provisions for an invalidity and old-age insurance with a state subsidy for the benefit of wage-earners and those who work on their own account. The passage of the bill is not expected in the near future. The article concludes with a resumé of social political laws passed in 1911, covering regulation of hours of work, the prohibition of employment of children under 14 years of age in mines and of women during the night, etc. The author seems far from optimistic as to outcome.

HAIBERT, I. A. *Effective charity administration* Ann Am. Acad., May, 1912.

The writer is the general superintendent of the Board of Public Welfare, Kansas City, Missouri. Gives only a general outline of the provisions necessary for dealing effectively with the charitable

problems which exist in all cities. He shows a familiarity with methods employed in many places, as well as with the literature of the subject. His discussion centers in the main around the topics: The Field of Municipal Charity; Subsidies to Private Charities; The Control of Public Solicitation; Suppressing Vagrancy; and Outdoor Relief. He makes a plea for efficient workers.

HUNTER, G. MCP. *Destitution among seamen*. Survey, Aug. 3, 1912. Pp. 9.

The author divides his study into the following heads: (1) Economic causes: seamen are being constantly discharged (legally) from their ships; they are periodically unemployed; their work is casual and seasonal. (2) Desertion from ships: a combination of economic, social and psychological causes. (3) Social and moral causes: shiftlessness, ignorance, drunkenness, and immorality. (4) The exigencies of the life: hazards of the sea, shipwreck, accident, exposure to heat and cold, and climatic diseases.

JOHNSON, S. *The relation between large families, poverty, irregularity of earnings and crowding*. Journ. Royal Statist. Soc., Apr., 1912.

A statistical study based on some 30,000 records of out-patients of the Hospital for Sick Children, a large voluntary hospital of London. Though the statistics were collected for quite a different purpose, they corroborate the statement that the nation is reproducing itself more largely from the less efficient section of society.

NORMAND, J. *L'assistance publique à Paris*. L'Econ. Franç., Mar., 1912. Pp. 3.

A brief and in the main, statistical statement of public relief in Paris, discussing the size and items of the city budget for the general administration of all public relief.

DE NOUVION, G. *L'assistance par le travail*. Journ. des Econ., Aug., 1912.

Seriously questions the value of assistance to the involuntarily unemployed by means of state work of any kind. Author believes the best means for the state to abolish poverty is not by creating work but by lessening the cost of living.

OSTERRIETH, A. *Bodenkulturarbeit statt Almosen. Ein Beitrag zur Losung der Arbeitslosenfrage*. Soziale Praxis, Aug. 29, 1912.

Emigration is not necessary as a solution to the unemployment problem in Germany "so long as wide stretches of uncultivated land exist in the German Empire itself,"—stretches capable of supporting countless families. Cites several instances of what has been done along these lines. (To be concluded.)

RINAUDO, P. C. *L'alcoolisme tra le donne*. Riv. Internazionale, July, 1912.

A general account of the social effect of alcohol and an appeal to women to undertake a crusade against it.

STUART, H. V. *Relief of distress in the pottery districts*. Char. Organ. Rev., May, 1912.

An account of the methods employed in pottery districts of handling

the acute relief-problem created by the recent coal strike. The potteries employ approximately 60,000 workers—practically all of whom were thrown out of employment within a week. In each of the separate boroughs of the federated borough of Stoke-on-Trent, the mayor formed a local committee to whom he allotted a certain sum of money per week with a free hand for its disposal. The system proved on the whole exceedingly satisfactory, although the committees were composed largely of amateurs.

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*The annual meeting of the C. O. S. Char. Organ. Rev. (London), Aug., 1912.*

The tenor of the addresses was either that of unstinted praise for the services rendered by organized charity or of defense of the London Society against criticism from the Fabian Society and other advocates of government action.

### Housing

(Abstracts by James Ford)

CLAUSS, F. *Eine städtebauliche Tat*. Soziale Praxis, July 4, 1912. Pp. 2.

Describes municipal plan of the new suburb of Berlin-Schöneberg, designed to house 40,000 people, with houses two stories high, equipped with gardens and common playgrounds, and designed to rent at the price of equal accommodation in urban tenements.

COMSTOCK, A. P. *Chicago housing conditions. VI. The problem of the negro*. Am. Journ. Sociol., Sept., 1912. Pp. 16.

A statistical study of 209 houses in the South Side, and 131 houses in the West Side. Tables cover per cent of lot built over, repair of houses, number of apartments per house, number of rooms per apartment, number of persons sleeping in rooms of specified cubic contents, per cent of unventilated rooms and of dark rooms, type of toilet, and rentals. Finds negroes are forced to live near segregated vice, and to pay higher rents than paid by immigrants per unit of accommodation.

GEMUND, W. *Wohnungshygiene und Hochsommerklima*. I Zeitschr. f. Sozialwis., July, 1912. Pp. 16.

A critical examination of theories of the relation of infant mortality to house structure, ventilation, and to the overheating of walls by the sun's rays.

GRETZSCHEL. *Wohnungsfrage und Säuglingspflege*. Soziale Praxis, June 27, 1912. Pp. 2.

Brief quotations from studies by Flugge, Kathe, Gemund, and Hindes on the relation of ventilation, heat, and construction of apartments to infant mortality.

HALDEMAN, B. A. *The municipal zone system*. Engg. News, Aug. 1, 1912. Pp. 4.

A description of the system in use in some European cities by which certain districts are set aside for buildings of one class. The zones are



not concentric circles but districts which, by elevation convenience or other factor, seem peculiarly fitted for some purpose.

HANKINSON, A. *Miss Octavia Hill's system of management of working-class property by trained ladies*. Char. Organ. Rev. (London), July, 1912. Pp. 12.

Methods of the Manchester Housing Company, Ltd., in repair of slum dwellings and education of tenants.

IHLDER, J. *Recent reports on housing*. Nat. Munic. Rev., Oct., 1912. Pp. 5.

A brief statement of typical American housing problems, with 76 titles of reports on housing conditions in 43 cities or states.

VON MANGOLDT. *Wohnungsgesetzgebung in Deutschland*. Soziale Praxis, July 4, 11, 1912. Pp. 4.

Indicates the problems that should be considered by the new Imperial Housing Commission, especially the public control of land values.

NETTLEFOLD, J. S. *Slum reform*. Char. Organ. Rev. (London), July, 1912. Pp. 4.

Outlines the Birmingham municipal method of slum repair.

PAYEN, E. *Les habitations à bon marché et les résultats obtenus*. L'Econ., Franç, July 6, 1912. Pp. 2.

On April 1, 1912, there were 339 societies in France for the erection of cheap dwellings, which were granted exemption from taxes; 62 per cent of these were coöperative, 38 per cent joint-stock companies. Statistics are given for 1911-12 of the number and location of such societies, amount of cheap loans from savings banks and other sources, the rates of interest paid to shareholders, and of the increase in cost of construction per square metre as recorded by three Parisian societies.

----- *Houses for workmen. Co-partnership at Hamilton and Toronto, Ont.* Labour Gaz., Aug., 1912. Pp. 2.

Co-partnership tenants societies recently incorporated, to build sub-urban estates for workmen.

## Statistics

(Abstracts by A. A. Young)

BABSON, R. W. *Ascertaining and forecasting business conditions by the study of statistics*. Quart. Pubs. Am. Stat. Assoc., Mar., 1912.

Describes an elaborate statistical service for business men. The general forecasts are based upon the thesis that any excess of business activity over that measured by a "line of normal growth" must be balanced by a corresponding deficiency, and vice versa.

BATES, F. G. *Rural and urban New England in the census*. Nation, Mar. 21, 1912.

Points out the errors involved in defining all New England "towns" with over 2,500 inhabitants as urban communities.

BOWLEY, A. L. *The measurement of employment*. Journ. Royal Stat. Soc., July, 1912.

An important paper. Presents a new index number for the amount of employment based upon a wider but more heterogeneous selection of data than the Labour Department's index number. The effect of the general (long period) increase in the numbers employed is corrected by an ingenious use of the "adjectival" descriptions of the condition of employment printed in the "Labour Gazette." The paper contains, among other things, an important contribution to the general theory of index numbers.

CHATFIELD, G. H. *The permanent census board of New York city.* Quart. Pubs. Am. Stat. Assoc. Sept., 1912.

In 1908 the state of New York provided for a permanent "census" (registration) of all persons between 4 and 18 years of age in lieu of the periodical "school census," in the three largest cities of the states. The present paper describes the tasks and methods of the work in New York city and points out the administrative and scientific value of the results.

DUGE DE BERNONVILLE. *Les institutions d'assistance publique en Angleterre et en Allemagne.* Journ. Soc. Stat., July, 1912.

A general statistical survey.

ELDERTON, W. P. and FLIPPARD, R. C. *Notes on the construction of mortality tables.* Journ. Inst. Actuaries, July, 1912.

Proposes the application of a method resembling the "census method" of constructing life tables to insurance company experience. A cooperative census of existing policies, giving age at entrance and duration, would be utilized in connection with the "registration" of new policies and of deaths. This would simplify the preparation of select, ultimate, and aggregate tables and would make possible their continuous revision.

GOLDSCHMIDT, A. *Die Vergleichung in der Statistik.* Ann. des Deutschen Reichs, 1911.

HUBER, M. *Mortalité suivant la profession.* Bull. Stat. Gén. de la France, July, 1912.

Based on French registration statistics for 1907 and 1908 which were the first years in which the deaths were classified by occupation. The article includes a good summary account of the difficulties met in interpreting such statistics.

KNIBBS, G. H. *Studies in statistical representation.* Journ. Royal Soc. New South Wales, XLV. Pp. 24.

Statistical applications of Fourier's series. For an abstract by the author see Journ. Soc. Stat., Aug.-Sept., 1912, pp. 409, 410.

KOLLMAN, P. *Die Statistik in Deutschland.* Archiv f. Sozialw., XXXIV, 1, 1912.

KOLLMAN, P. *Die Stellung der Statistik im Staats- und Gemeindedienst im Deutschen Reich.* Deutsches Stat. Zentralblatt, Feb., 1912.

MAGEE, J. D. *The degree of correspondence between two series of index numbers.* Quart. Pubs. Am. Stat. Assoc., June, 1912.

Suggests as a measure of the "degree of correspondence" of two statistical series the average of a series of fractions which measure the deviations of the step-by-step (or year-by-year) variations of one series from the corresponding variations of the other. For many purposes this measure is too rigorous.

MARCH, L. *La grammaire de la science.* Journ. Soc. Stat., Apr., 1912.

Extracts relating to statistical method from March's forthcoming translation of Pearson's *Grammar of Science*, with an introduction by the translator.

MARCH, L. *La théorie des salaires.* Journ. Soc. Stat., Aug.-Sept., 1912.

A discussion based upon an extended abstract of Moore's *Laws of Wages*. Appreciative, but not accepting all of Moore's conclusions or his judgment as to the significance of his own work.

MENDELSON, M. *Die Entwicklungsrichtungen der deutschen Volkswirtschaft nach der neusten Statistik.* II-VI. Zeitschr. f. Socialw., Apr., May, June, July, Sept., 1912.

These articles may serve to illustrate what Giffen called "the utility of common statistics." Easily available statistics, especially those of the industrial census of 1907, are marshalled in such a way as to picture certain important economic changes in Germany, such as the passing of house industries and the growing dominance of the money economy; the increasingly minute division of labor, the growth of foreign trade as a mark of "industrialization," and the rise of great industrial undertakings.

MEURIOT, P. *L'almanach de Gotha.* Journ. Soc. Stat., June, 1912.

A history of the famous annual.

MEURIOT, P. *Dans quel sens se développent les métropoles européennes.* Journ. Soc. Stat., May, 1912.

A study of some of the economic and geographic features of city growth.

MOORE, H. L. *A reply to Professor Edgeworth's review of Professor Moore's "Laws of Wages."* Econ. Journ., June, 1912.

Concerned primarily with Edgeworth's contentions that Moore's use of the Galton-Pearson difference theorem in constructing a "standard population" of wage-earners is misleading and that Moore's thesis that differences in wages follow differences in ability is unproved. Professor Edgeworth contributes a rather caustic rejoinder.

MUELLER, J. *Versuch einer Statistik des Vermögens deutscher Städte.* Jahrb. f. Nat. Oek., Mar., 1912.

A careful inquiry, covering 68 cities. The methods used should be of interest to students of municipal accounting and the results to all students of municipal economics.

DE PISSARGEVSKY, L. *Note sur les recensements de divers pays.* Journ. Soc. Stat., Aug.-Sept., 1912.

Contains a number of interesting diagrams, showing the distribution of the population of various countries by age, marital condition, and employment (laborers and employees, employers, and inactive).

POTRON, L'ABBE. *Contribution mathématique à l'étude des problèmes de la production et des salaires.* Journ. Soc. Stat., May, 1912.

Proposes a method of determining the cost of living in terms of all the products (and labor) used up in the production of consumption goods.

ROBINSON, I. N. *The unit in criminal statistics.* Journ. Crim. Law and Criminol., July, 1912.

Criminal statistics may count: (1) cases, (2) infractions of the law, (3) delinquents. The best results are given by the use of all three units.

SMITH, E. *Report of the committee on criminal statistics of the American Prison Association.* Journ. Crim. Law and Criminol., Mar., 1912.

TROUP, J. McD. and MAYNARD, G. D. *Note on the extent to which the distribution of disease in houses is determined by the laws of chance.* Biometrika, Jan., 1912.

WATKINS, G. P. *The relation between kinds of statistical units and the quality of statistical material.* Quart. Journ. Econ., Aug., 1912.

An abstract and general treatment of an important topic. Statistical units are classified as: (1) individual things (natural kinds and produced kinds), and (2) mensurational units (physical and pecuniary measures). Superiority is claimed for the first class, while pecuniary measures are held to be particularly unsatisfactory.

WILSON, E. B. *Mathematical economics.* Bull. Am. Math. Soc., June, 1912.

An appreciative review of Pareto's *Manuel d'économie politique*, with some interesting observations on the scope of mathematical economics in general. A few of Pareto's more elementary equations are given and their significance explained.

YULE, U. *On the methods of measuring association between two attributes.* Journ. Royal Stat. Soc., May, 1912.

An inquiry of the first importance. Yule lucidly explains the derivation and meaning of his "coefficient of association" and presents a seemingly superior alternative measure which he calls the "coefficient of colligation." The use of the ordinary product sum correlation for a four-fold correlation table is defended. It is shown that Pearson's "normal coefficient" is of very restricted usefulness.

————— *Chômage.* Bull. Stat. Gén. de la France, July, 1912.

A tabulation of statistics of unemployment in 38 French cities, obtained by the census of 1911.

## NOTES

**ANNUAL MEETING.** The members of the American Economic Association probably know already that the annual meeting for 1912 is to be held in Boston. Arrangements have been made to secure reduced rates of transportation, and special rates have been secured at the leading hotels around Copley Square. The headquarters of the Association during the meeting will be at the Copley Plaza. Detailed information as to railroad and hotel rates have already been mailed to each member of the Association, but if further information is desired it can be secured from the secretary.

The program promises to be one of very unusual interest. On Friday afternoon and evening, December 27, will occur the presidential addresses of the American Statistical Association, the American Sociological Society and the American Historical Association. Our own meetings begin on the morning of Saturday, December 28, with a joint session with the American Association for Labor Legislation on the Minimum Wage. The session of Saturday afternoon will be devoted to the Rising Cost of Living, while the Saturday evening session will be the occasion of the presidential addresses of Professor Frank A. Fetter of the American Economic Association, and Professor Albert Bushnell Hart of the American Political Science Association.

It is planned to hold the sessions of Monday, December 30, in Cambridge, under the hospitality of Harvard University. The street car connection between Boston and Cambridge is now excellent, and this will involve only one trip each way, as arrangements will be made for the entertainment of the members at luncheon in Cambridge. The forenoon session will be given to the subject of Banking Reform, and the afternoon to round tables on Economic Theory and Agricultural Economics.

On Tuesday, December 31, there will be only one regular session, that of the forenoon, the subject being the Economics of Governmental Price Regulation. Plans are under way for a general luncheon Tuesday noon as the final event of the meeting.

Additional arrangements are being made for smokers and other informal entertainments, in order to make the visit as agreeable as possible to all who attend. It is sincerely to be hoped that a large number of members will avail themselves of the opportunities offered by the Association and the hospitality offered by citizens of Boston and Cambridge.

T. N. C.

Between January and November, 1912, the American Economic Association received 417 new members. There have been 192 resignations and withdrawals, making a net gain of 225.

Members of the American Economic Association will hear with keen regret of the death of Professor Harrison Standish Smalley of the University of Michigan. Dr. Smalley was born in Chicago, in 1878, and died on September 23, 1912. It is thus seen that death came to him in the prime of manhood and when upon the threshold of his most effective university work. As a teacher he was clear and forceful; as a writer he showed a remarkable power of keen analysis; as a personality on the campus his influence will long be remembered by those students with whom he came in personal touch. Dr. Smalley's specialty lay in the field of transportation, and in this field he did most of his writing. In 1903 he prepared for publication by the Interstate Commerce Commission a volume entitled *State Railway Legislation*. This treatise was a tabular and analytic presentation of all of the laws at that time on the statute books of the states under which the railways of the country were obliged to operate. In 1905 he wrote an essay on "Railway Rate Control," which was published by the American Economic Association, an essay which gained for him the commendation of all close students of transportation. Some years later he prepared a large volume on *Transportation*, which proved to be one of the most important of the volumes published by the LaSalle Extension University. Among the papers left by Dr. Smalley is a manuscript volume entitled *The Corporation Problem*, which its author intended shortly to carry through the press. It is hoped by his friends that this volume may be published as a memorial to its author.

Those who knew Dr. Smalley best are aware of the arduous work which he did and the extensive reading which he undertook in order to prepare himself to become an authority upon lego-industrial questions. It may be proper in this connection to quote a paragraph from the memorial adopted by the senate of the University of Michigan. Says this memorial:

This loss is, however, most keenly felt by the Department of Political Economy, Sociology, and Business Administration. It is now coming to be recognized that the solution of many of our present day public problems calls for a further analysis of accepted principles of jurisprudence, so as to make them more perfectly adapted to the rapidly changing industrial conditions. This was early recognized by Doctor Smalley, who undertook and carried through a long and arduous course of reading in order to master that uncertain and little-known

field of inquiry that lies between law and economics. In order to ground himself in principles of jurisprudence he spent three years as a student in the Law Department. There are few men in the country today as well prepared as was Doctor Smalley to speak with authority within that particular sphere of knowledge. In this regard his loss to the Department seems almost beyond recovery.

The next convention of the Southern Commercial Congress will be held in Mobile, Alabama, in the fall of 1913.

A third conference on the teaching of economics has been called to meet at the University of Chicago, December 6 and 7, in connection with the meetings of the Western Economic Society.

The Tenth International Agricultural Congress will be held in Ghent, July 8-13, 1913. One section will be devoted to the subject of rural economy. Information in regard to program, etc. may be obtained from the general secretary, M. P. de Vuyst, 22 Avenue des Germaines, Brussels.

At the meeting of the International Historical Congress in London, April 3-9, 1912, a section will be devoted to economic history.

The Tenth International Housing Congress will meet at The Hague in September, 1913.

The department of research of the Women's Educational and Industrial Union in response to many requests during the past two or three years has established a Bureau of Investigation through which individuals, organizations, or institutions may carry on social-economic investigations at a minimum of expense. The department of research, both last year and the year before, conducted investigations on behalf of the State Board of Education. Miss Abigail D. Steere will devote her entire time to the work of the bureau.

The People's Institute of New York has just established a Bureau of Municipal and Social Service. With this has been merged the Bureau of Social Research of New England, of which Dr. Carol Aronovici has been director in Providence. The new Bureau will maintain offices at 50 Madison Avenue, New York, and at 171 Westminster Street, Providence. Dr. Aronovici becomes director of the new bureau.

The University of Cincinnati has recently established a College of Commerce.

The Texas Applied Economics Club will devote the year to a study of the agricultural problems of the state, especial attention being given

to coöperative marketing and coöperative credit. It is planned to publish a bulletin containing the results of the investigation.

Professor F. Y. Edgeworth was elected president of the Royal Statistical Society at its annual meeting held June 18, 1912. It is reported that the membership of this society is now 875.

Longmans, Green and Company announce the immediate publication of *Railroads: Rates and Regulation*, by Professor Ripley of Harvard University. This will be followed early in 1913 by a second volume on *Railroads: Finance and Organization*.

The Macmillan Company will publish during the winter *Business Organization and Combinations*, by Professor Lewis H. Haney, of the University of Texas.

It is announced that a new and revised edition of *The Immigration Problem*, by Jenks and Lauck, is in preparation, and will be published in a short time. The new edition will correct the errors which have been detected, particularly in the statistical tables, and also add new material made available by the census figures of 1910.

Giard et Brière of Paris announce the publication in 1913 of the French translation of Professor Carver's work on the *Distribution of Wealth*. The translation is being prepared by M. Roger Picard.

Mr. C. E. Fillebrown, under date of October 1, 1912, has issued the tenth edition of *Single Tax Catechism*, containing many minor lectures, and corrections from a previous edition. (77 Sumner Street, Boston.)

The Russell Sage Foundation announces the early publication of *Cooperation in Urban and Rural New England*, by Dr. James Ford, of Harvard University.

Professor Emory R. Johnson, of the University of Pennsylvania, has submitted to the President a report on "Panama Canal Traffic and Tolls," and is now at work upon a report which will deal with the measurement of vessels and the rules to be recommended for vessels passing through the Panama canal.

Dr. Clyde L. King, of the University of Pennsylvania, is preparing a report for the City of Philadelphia on "Market Produce," with suggestions for terminal facilities for the handling and disposition of products.

W. E. Hotchkiss, of Northwestern University, has recently served as chairman of a committee to investigate the work of the Juvenile Court



of Cook County. In the report of this committee, which with appendices is a volume of about 300 pages, one of the leading recommendations is for a state investigation into the economic and civic causes of delinquency.

The abstract of the Thirteenth Decennial Census relating to Agriculture is now in the hands of the public printer. It will be a report covering 150 pages of the regular census volume size. Within a few weeks a complete set of the state reports pertaining to agriculture will be available for circulation.

The Social Research Council of Boston (Robert F. Foerster, director, Cambridge), has issued as its first bulletin *A Preliminary List of Recent Social Investigations in Greater Boston* (July, 1912, Pp. 42). The titles are listed under four main headings: Population; Community Conditions and Control; Labor and Economic Status; and Children. Under Labor and Economic Status, sub-divisions are conditions of labor, accident, unemployment, economic status, cooperation and provident measures, labor legislation. In all, some 125 investigations are listed, representing the activity of various organizations, private as well as public, as for example, those of the South End House, School for Social Workers, Boston Chamber of Commerce, and Consumers' League.

The last four volumes of the Bulletins of the Bureau of Economic and Social Intelligence, International Institute of Agriculture (Nos. 5, 6, 7, and 8, for May, June, July and August, 1912), contain monographs and reviews of all kinds of economic activities so far as they pertain to farmers. These bulletins are improving with every issue and constitute the most comprehensive and useful series which has appeared on this subject in the English language. They cover economic activities of farmers and all other rural movements for all of the countries associated with the Institute.

The Chamber of Commerce of the United States (Riggs Building, Washington) on September 2 published the first issue of the *Nation's Business*. This is prepared for the use of editorial writers and commercial organizations. Others desiring the service of this journal can obtain it upon subscription of \$1.00 for 20 consecutive issues.

The National Rivers and Harbors Congress is planning the publication of a magazine entitled, "National Waterways." Information in regard to this may be obtained from the secretary, S. A. Thompson, 824

Colorado Building, Washington, D. C. The Congress will hold its ninth convention in Washington, December 4-6, 1912.

The National Child Labor Committee has established an independent journal, the "Child Labor Bulletin," the first issue of which appeared in June. This contained the addresses delivered at the National Conference on Child Labor in January, 1912. The August number deals with child labor laws in the different states. There is a summary of existing laws, the draft of a uniform law recommended for enactment by the different states, an article on the enforcement of child labor laws, and a symposium on street trades and their regulation.

Announcement is made of the publication of a new English daily journal, entitled "The Daily Citizen," published in London and Manchester. It will be the organ of the cause of labor. Trade-unions, the labor party in the House of Commons, and socialist organizations are represented on the board of directors (92 Fleet Street, London, E. C.).

P. S. King and Son, London, announce the publication of "The Burden of Protection," a magazine to be published by the International Free Trade League. The first number was issued in July. It contains articles by fifteen writers, most of whom are well known to economic students. Professor Brentano writes for Germany, Novikow for Russia, Bellet for France, Giretti for Italy. Contributions from the United States are by Mr. Byron W. Holt and President Jordan.

"El Eco Social" (Instituto Bibliográfico Panamericano, Apartado 778, Havana, Cuba, \$1.50 per annum) is a new monthly magazine of popular education and bibliography in the social sciences, edited by Senor A. Coderzo Vinageras, who for many years has labored in behalf of social progress in Cuba. Each issue will contain about 48 pages of reading matter and an equal number devoted to news and other items of all-American interest. The aim is to reflect the movement of contemporary social ideas in American countries and to promote an exchange of culture among them and between them and Europe, but not to advocate particular doctrines.

### *Appointments and Resignations*

Mr. Arthur E. Andersen, lecturer in accounting in Northwestern University School of Commerce, formerly with Price, Waterhouse and Company, has been placed upon the permanent staff as assistant professor.

Dr. Frank G. Bates has been appointed associate professor of economics at Indiana University. He will do special work in municipal problems, and will coöperate with the Indiana State Library in legislative reference work.

Dr. Leonard S. Blakey has gone from Tufts College to take charge of the work in economics at Dickinson College.

Professor Robert C. Brooks, of the University of Cincinnati, has accepted a position at Swarthmore College.

Mr. W. R. Camp, assistant in the department of political economy in the University of Missouri, has accepted the chair of economics in Lombard College, Galesburg, Illinois.

Professor Edwin J. Clapp, of the School of Commerce, Accounts and Finance of New York University, has been granted a year's leave of absence to do work as special traffic commissioner for the directors of the port of Boston. He is to make an investigation and report which will aid the directors in their duty of "preparing a comprehensive plan for the development of the port of Boston," in so far as that plan includes the consideration of traffic routes and methods, trade conditions, and trade agencies.

Professor David T. Clark, of Williams College, is spending the year in study abroad.

Mr. John M. Ferguson has been appointed lecturer in economics at Hamilton College during the first term to conduct the courses given by Professor F. M. Davenport, who has been engaged in the campaign as Progressive candidate for Lieutenant Governor of New York.

Dr. James Ford, of Harvard University, has been recently engaged in studying the local housing problem in Newark, New Jersey. A report will be published early in 1918.

Mr. E. B. Gowin has been appointed instructor in sociology at Wesleyan University.

Miss Edith Gray has been appointed teaching assistant in economics in Oberlin College.

Professor M. B. Hammond, of the Ohio State University, has returned to his duties after a year's absence in Australia.

Miss Emilie J. Hutchinson has resigned her position as assistant in history at Barnard College to become instructor in economics at Wellesley College.

Mr. P. B. Kennedy has been appointed instructor in economics at New York University.

Dr. Frank J. Klingberg, formerly special agent, United States

Census Bureau, has been appointed instructor in economic history in Pennsylvania State University.

Mr. Oswald W. Knauth has been appointed instructor in economics at Princeton University.

Professor S. Gale Lowrie, formerly with the Wisconsin State Board of Public Affairs and instructor in the University of Wisconsin, has been appointed professor of political science in the University of Cincinnati to take the place of Professor Brooks.

Professor H. L. Lutz, of Oberlin College, is giving a course of lectures on corporations and business management at Toledo, Ohio, under the auspices of the Young Men's Business League and the Alexander Hamilton Institute.

George B. Mangold, has been promoted to the office of director of the St. Louis School of Social Economy.

Professor Roswell C. McCrea has been appointed dean of the Wharton School of Finance and Commerce of the University of Pennsylvania. With this appointment the Wharton School has been given a definite, independent grouping in the organization of the university.

Professor C. W. Mixter, of the University of Vermont, is on a year's leave of absence, and is engaged in studying scientific management with a manufacturing establishment in Philadelphia. Mr. A. W. Lahee is carrying on Professor Mixter's academic work.

Mr. William H. Parker has been promoted to the position of assistant professor of economics and social science in the University of Cincinnati.

Professor John B. Phillips, of the University of Colorado, has been appointed a member of the Colorado State Tax Commission, for a six-year term, and has resigned his university position.

Dr. L. G. Powers has resigned his position in the Census Bureau as chief statistician for agriculture, and is now confining his attention to the duties of chief statistician for city statistics. Dr. J. L. Coulter has charge of the work of the Division of Agriculture.

Mr. F. U. Quillin has been appointed professor of economics at Knox College.

Dr. W. E. Rappard has been appointed assistant professor in economics at Harvard University.

Mr. Thomas J. Riley has become general secretary of the Brooklyn Bureau of Charities, resigning his position as director of the St. Louis School of Social Economy.

Professor E. A. Ross, of the University of Wisconsin, expects to

leave for South America in August, 1913, to study the races and peoples south of Panama. He will make ethnographic, social, and economic observations from Ecuador to southern Chili, and expects to return in time for the beginning of the spring semester, 1914.

Miss Sarah Stites, of Bryn Mawr College, has been appointed instructor of economics at Simmons College.

Mr. C. W. A. Veditz is temporarily serving as statistical secretary of the Railway Arbitration Commission.

Dr. L. D. H. Weld has resigned his position with the Public Service Commission at New York city to take charge of the work in statistics at the University of Minnesota. He will also direct the university extension work in insurance, advertising and salesmanship, and transportation.

Professor Philip E. Wright, of Lombard University, is acting as assistant professor in economics at Williams College, while Professor Clark is taking a year's leave of absence.

Miss May Allinson, associate director of the department of research of the Women's Educational and Industrial Union, is in Europe studying the conditions relating to the industrial position of women. During her absence, Professor Amy Hewes, of Mt. Holyoke College, is supervising the investigations of the fellows, and Miss Lila V. North has become assistant director of the department.

Mr. Theodore W. Betak, accountant for the Merriam commission, for the Chicago Bureau of Public Efficiency and other public investigations, and Mr. Louis G. Groebe, member of the firm of W. W. Thompson and Company, have been appointed lecturers in accounting at Northwestern University.

Stephen I. Miller, of the Los Angeles Polytechnic High School, and Max L. Larkin, of the University of Chicago, have been appointed instructors in the department of economics and social science at Leland Stanford Jr. University.

# The American Economic Review

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